



# **Business Results**

**for the fiscal year ended December 31, 2023**

**February 1, 2024**

**OTSUKA CORPORATION**

**Yuji Otsuka, President**

# Summary of Business Results, January – December, 2023

(Millions of yen)

	Consolidated			Non-Consolidated		
	Amount	Ratio to Plan (Note)	Change to Last Year	Amount	Ratio to Plan (Note)	Change to Last Year
<b>Net sales</b>	<b>977,370</b>	<b>102.4%</b>	<b>+13.5%</b>	<b>869,573</b>	<b>102.6%</b>	<b>+13.3%</b>
<b>Operating profit</b>	<b>62,959</b>	<b>101.2%</b>	<b>+15.0%</b>	<b>55,323</b>	<b>101.3%</b>	<b>+14.5%</b>
<b>Ordinary profit</b>	<b>64,517</b>	<b>101.8%</b>	<b>+13.9%</b>	<b>57,253</b>	<b>101.0%</b>	<b>+12.9%</b>
<b>Profit*</b>	<b>47,448</b>	<b>111.1%</b>	<b>+18.6%</b>	<b>43,150</b>	<b>110.6%</b>	<b>+17.8%</b>

\*Profit attributable to owners of parent

(Note) According to plan revised on July 26, 2023

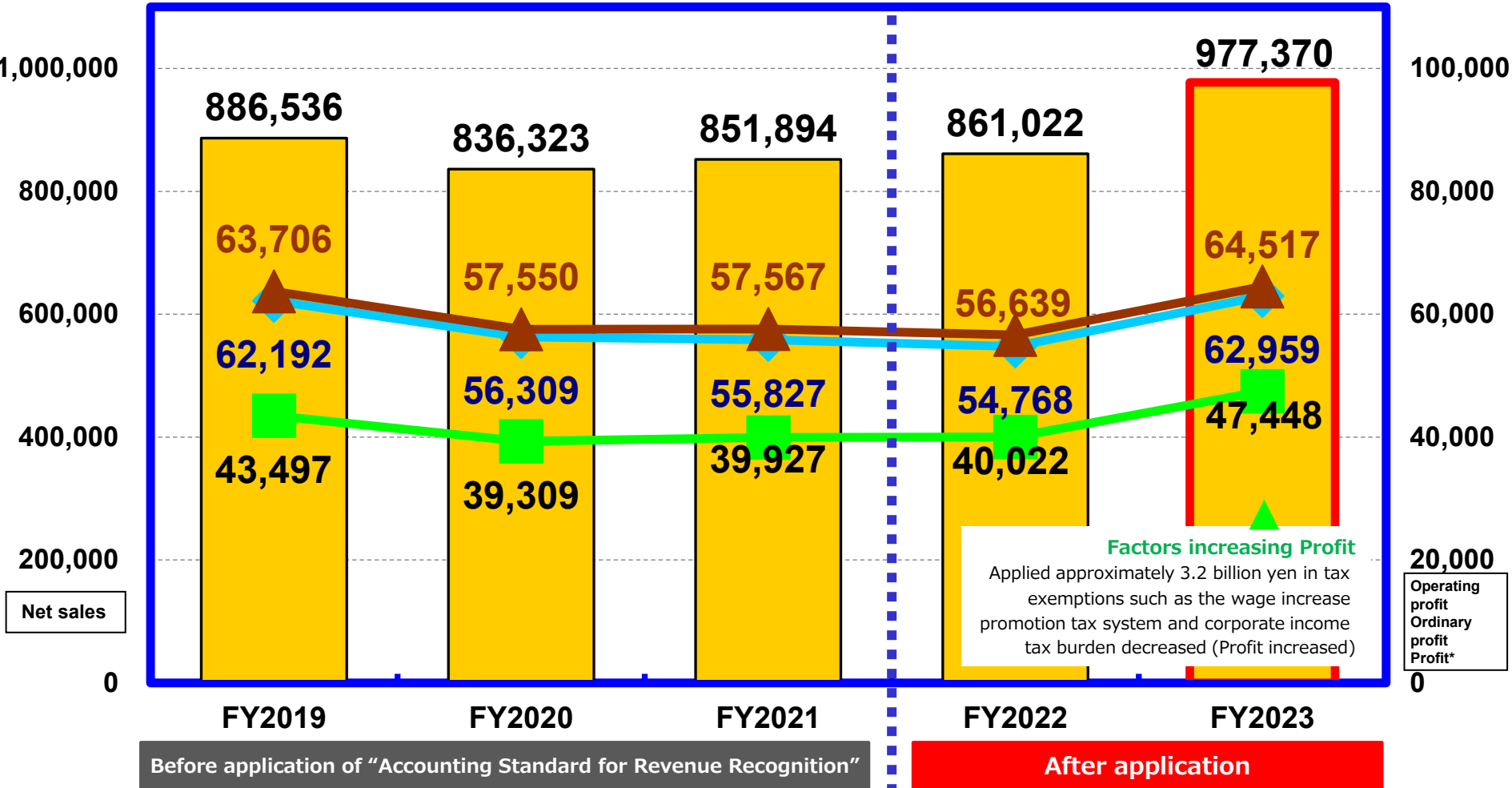
# Consolidated subsidiaries

Segment	Company name	Business domain	Number of employees	FY 2023 Net sales (Millions of yen)
I S	OSK Co., LTD.	Development and sale of packaged software, IT consulting, and Consigned software development	434	10,076
	Net World Corporation	Sales and technology support for network-related equipment	497	128,705
S & S	Alpha Techno Co., Ltd	Emergency repair of PC and peripheral equipment and data recovery service	301	5,598
	Alpha Net Co., Ltd	Comprehensive service and support for network systems	476	8,713

Consolidated

# Net sales and Profits

Net sales    Operating profit    Ordinary profit    Profit\*  
\*Profit attributable to owners of parent    (Millions of yen)

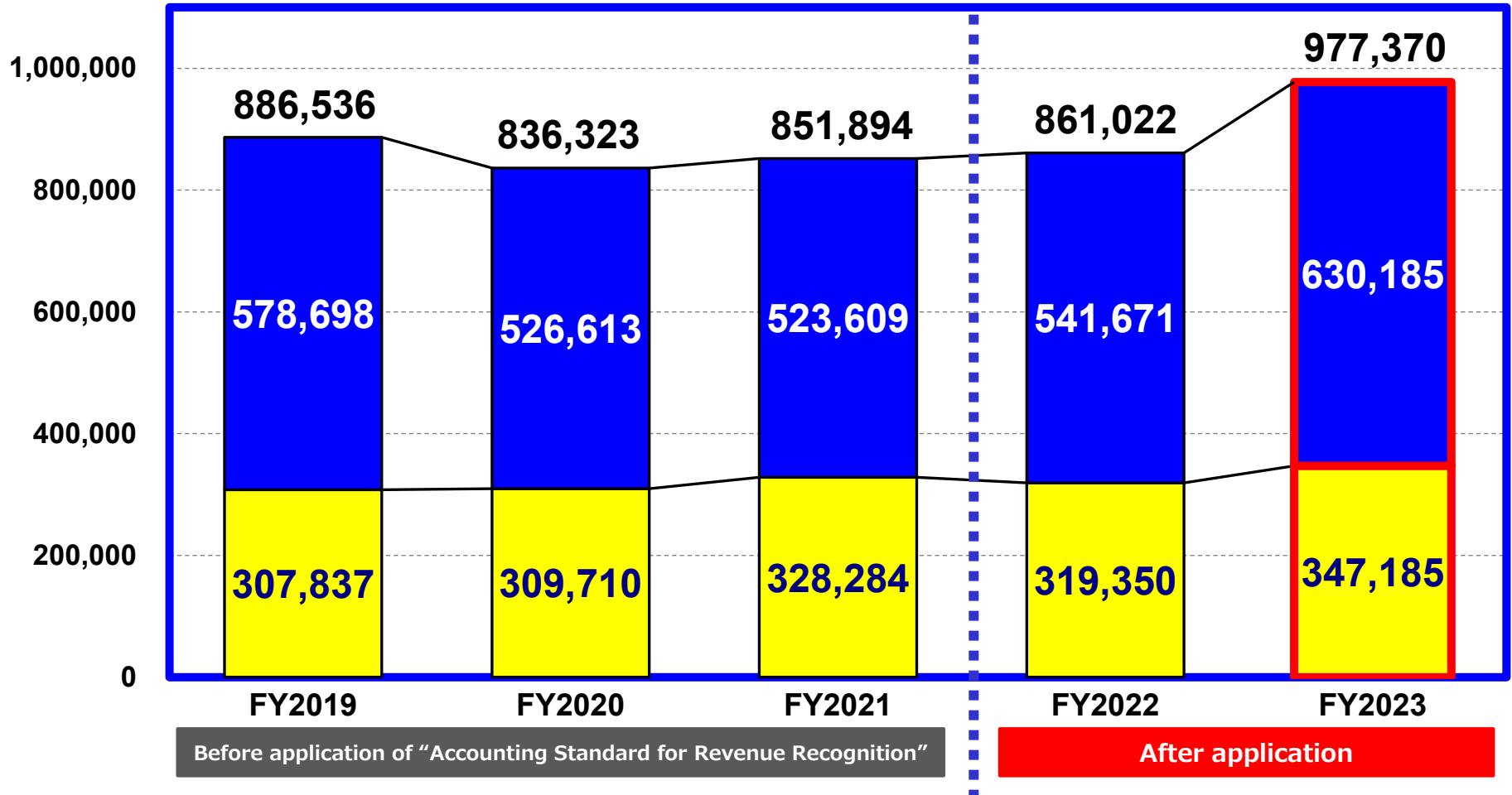


Consolidated

# Net sales by segments

■ SI business ■ S&S business

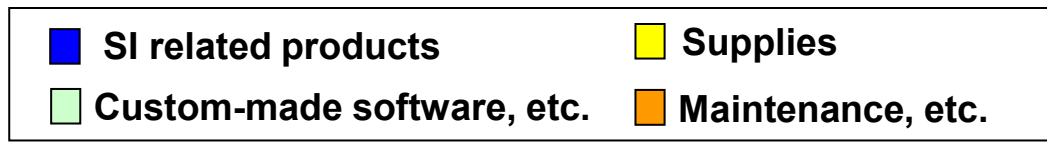
(Millions of yen)



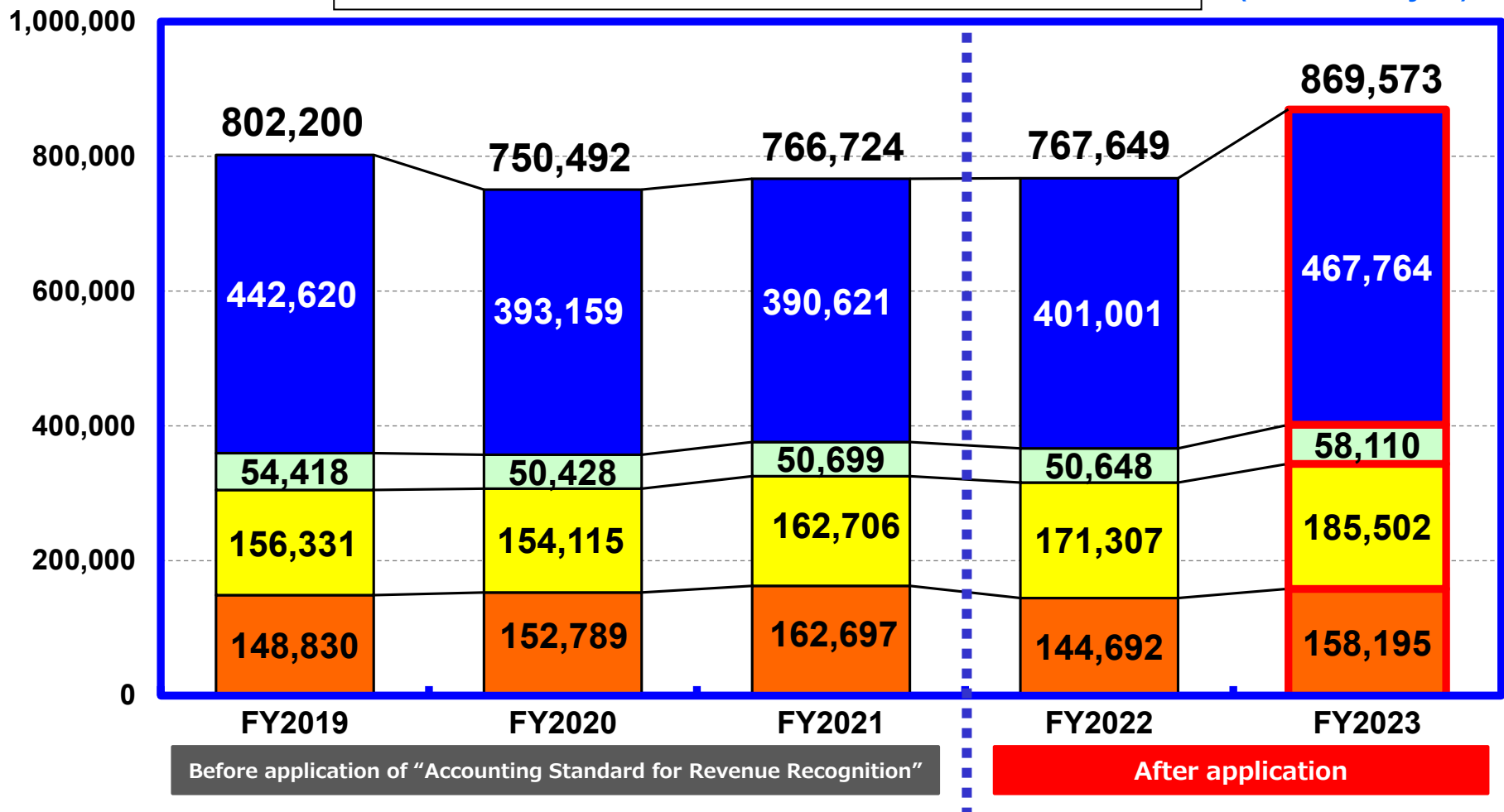
Before application of "Accounting Standard for Revenue Recognition"

After application

# Net sales by 4 segments



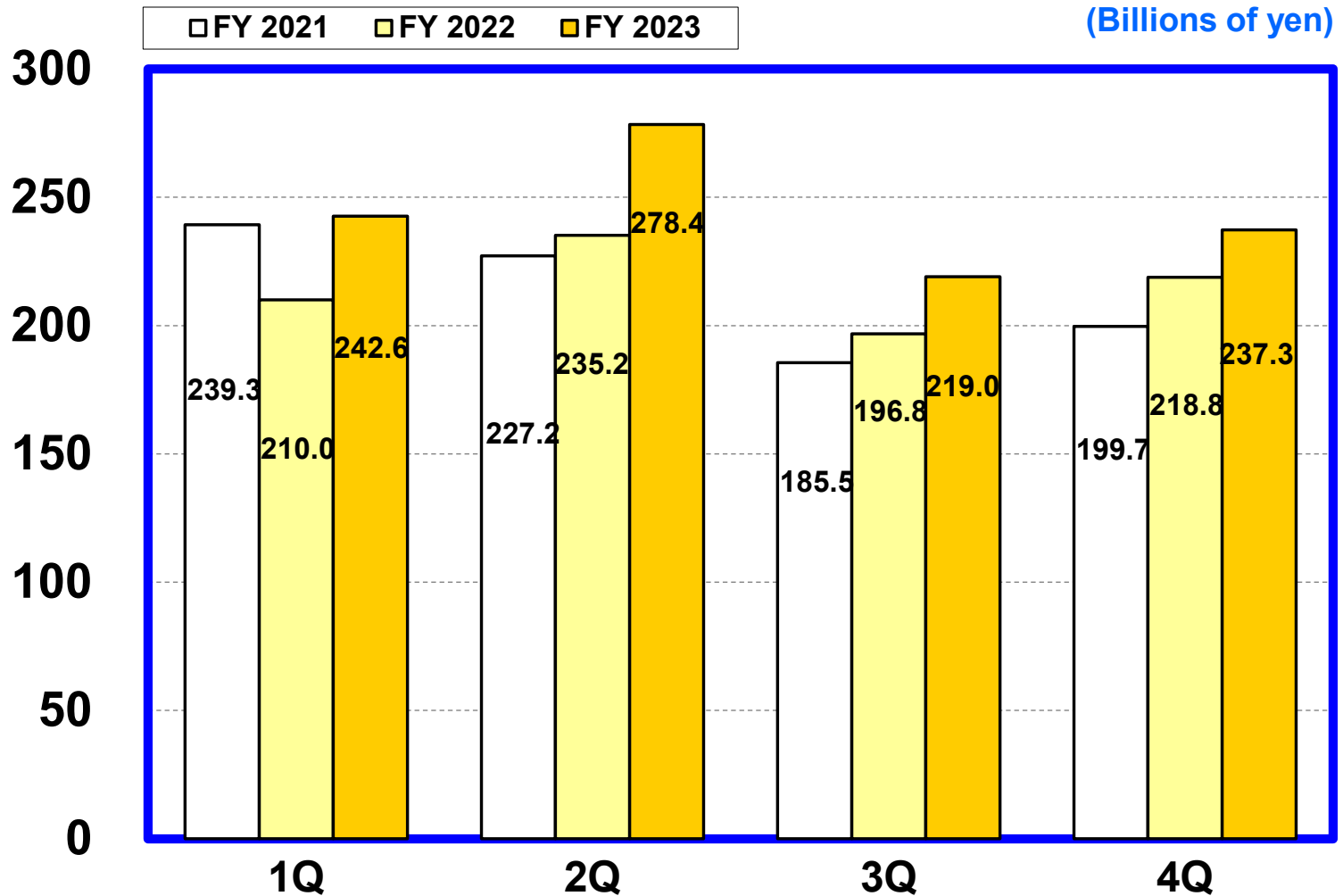
(Millions of yen)



Before application of "Accounting Standard for Revenue Recognition"

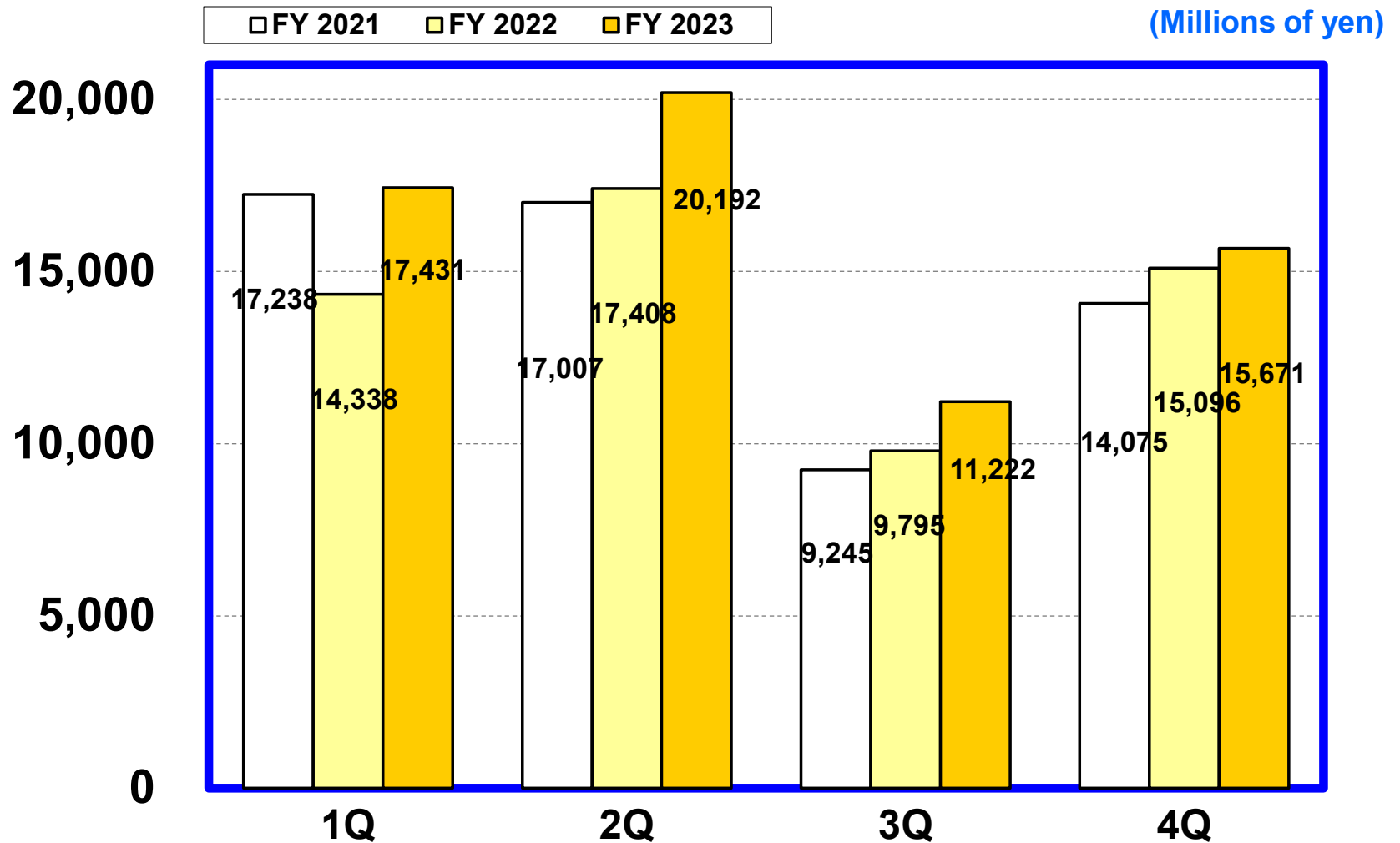
After application

# Quarterly change of Net sales



\*Accounting Standard for Revenue Recognition applied from 2022

# Quarterly change of Ordinary profit





# Summary of Business Results, October – December, 2023

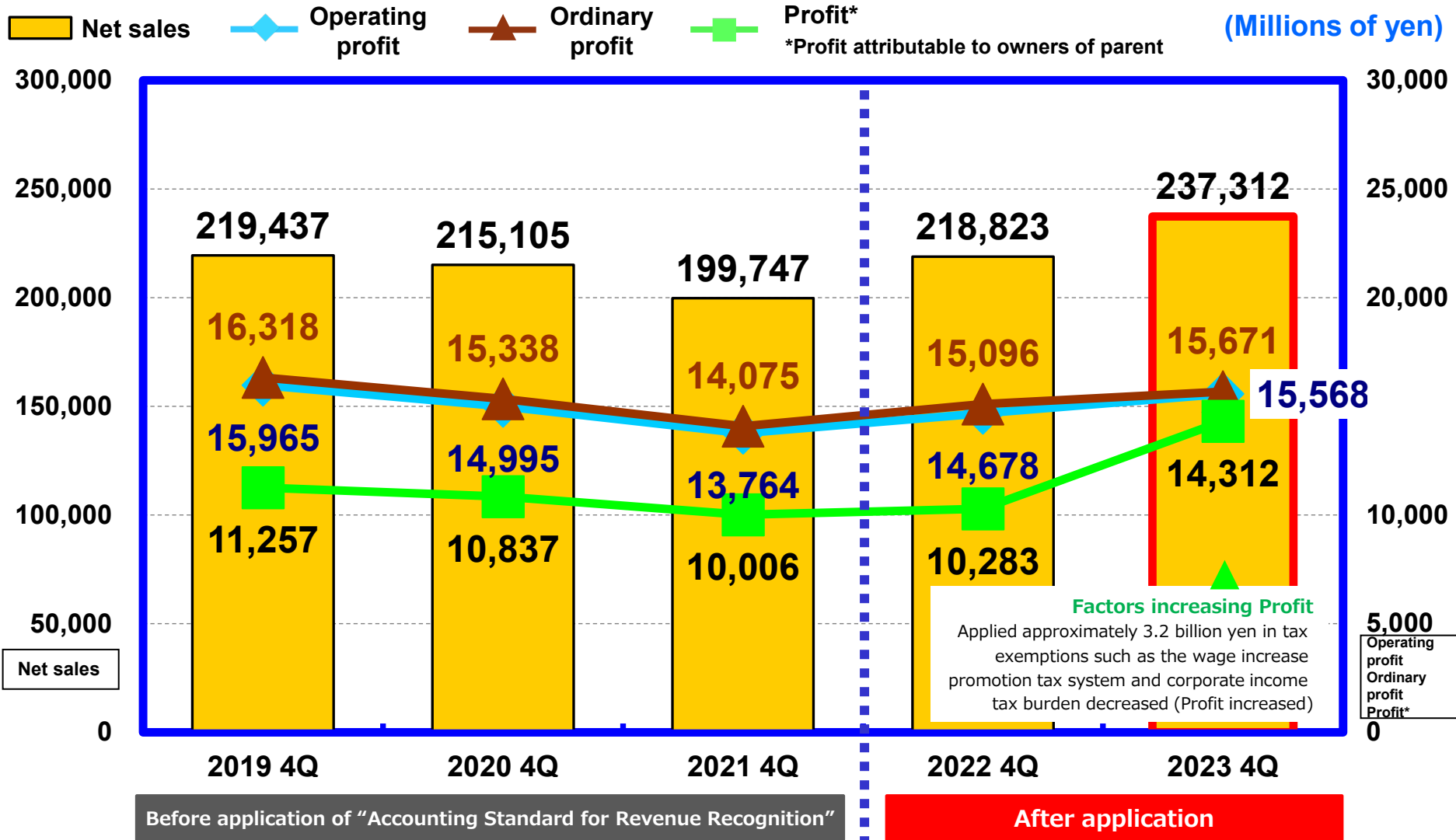
(Millions of yen)

	Consolidated		Non-Consolidated	
	Amount	Change to Last year	Amount	Change to Last year
Net sales	237,312	+8.4%	207,741	+8.7%
Operating profit	15,568	+6.1%	13,865	+8.1%
Ordinary profit	15,671	+3.8%	13,680	+4.7%
Profit*	14,312	+39.2%	12,875	+43.1%

\*Profit attributable to owners of parent

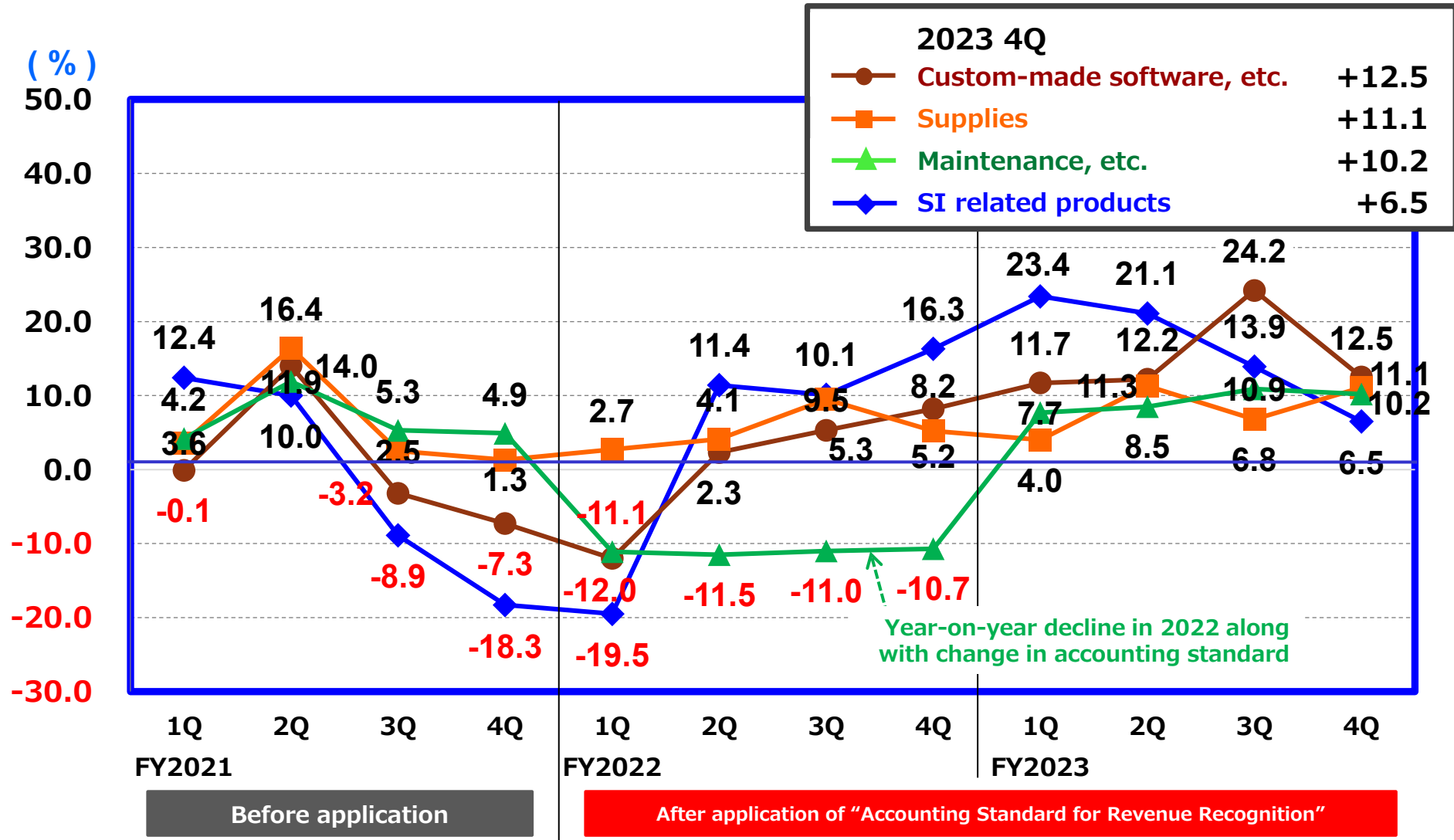
# Net sales and Profits, October – December

Consolidated

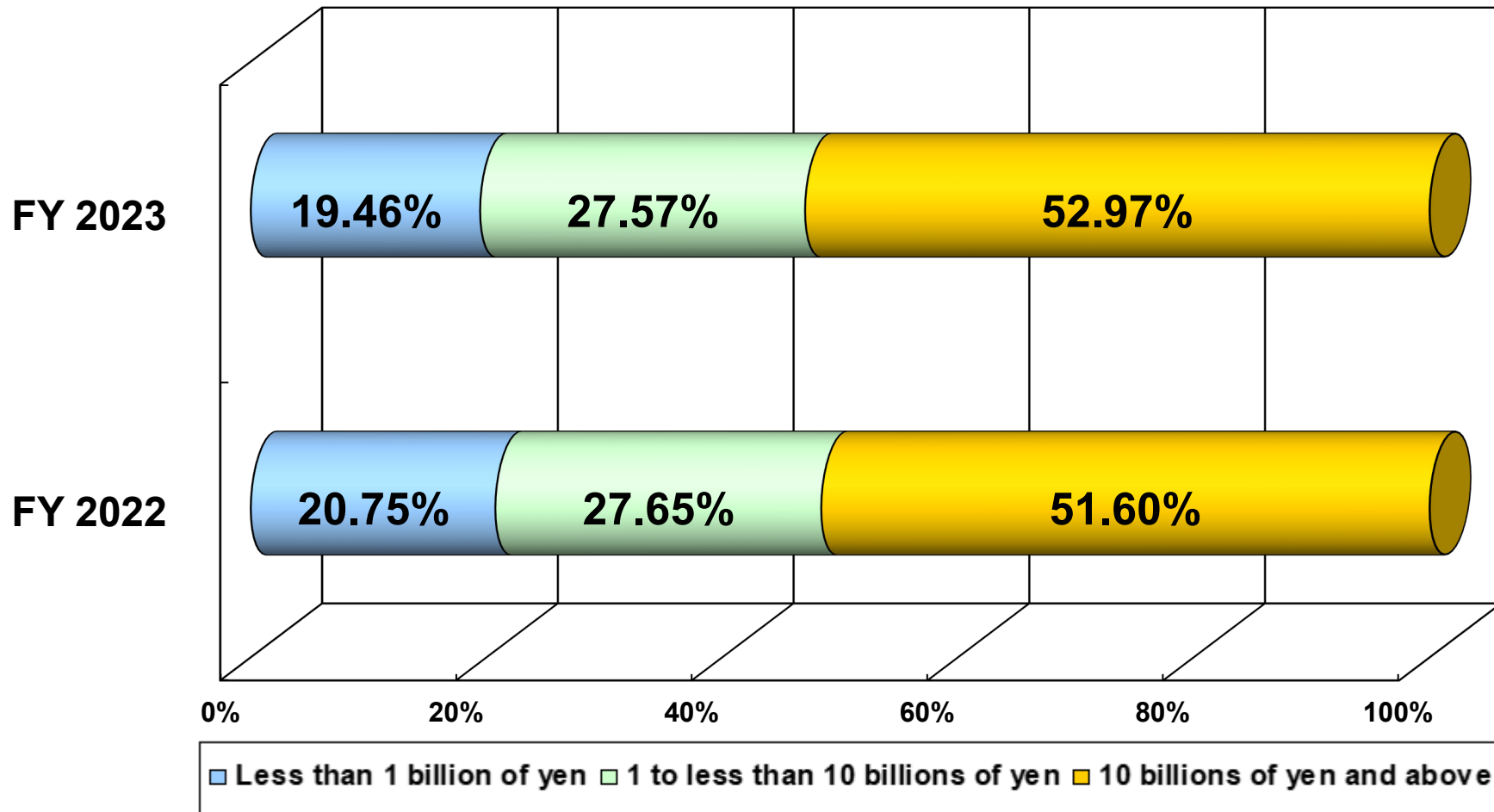


Non-Consolidated

# Quarterly Net Sales by 4 segments ( % change year-on-year )



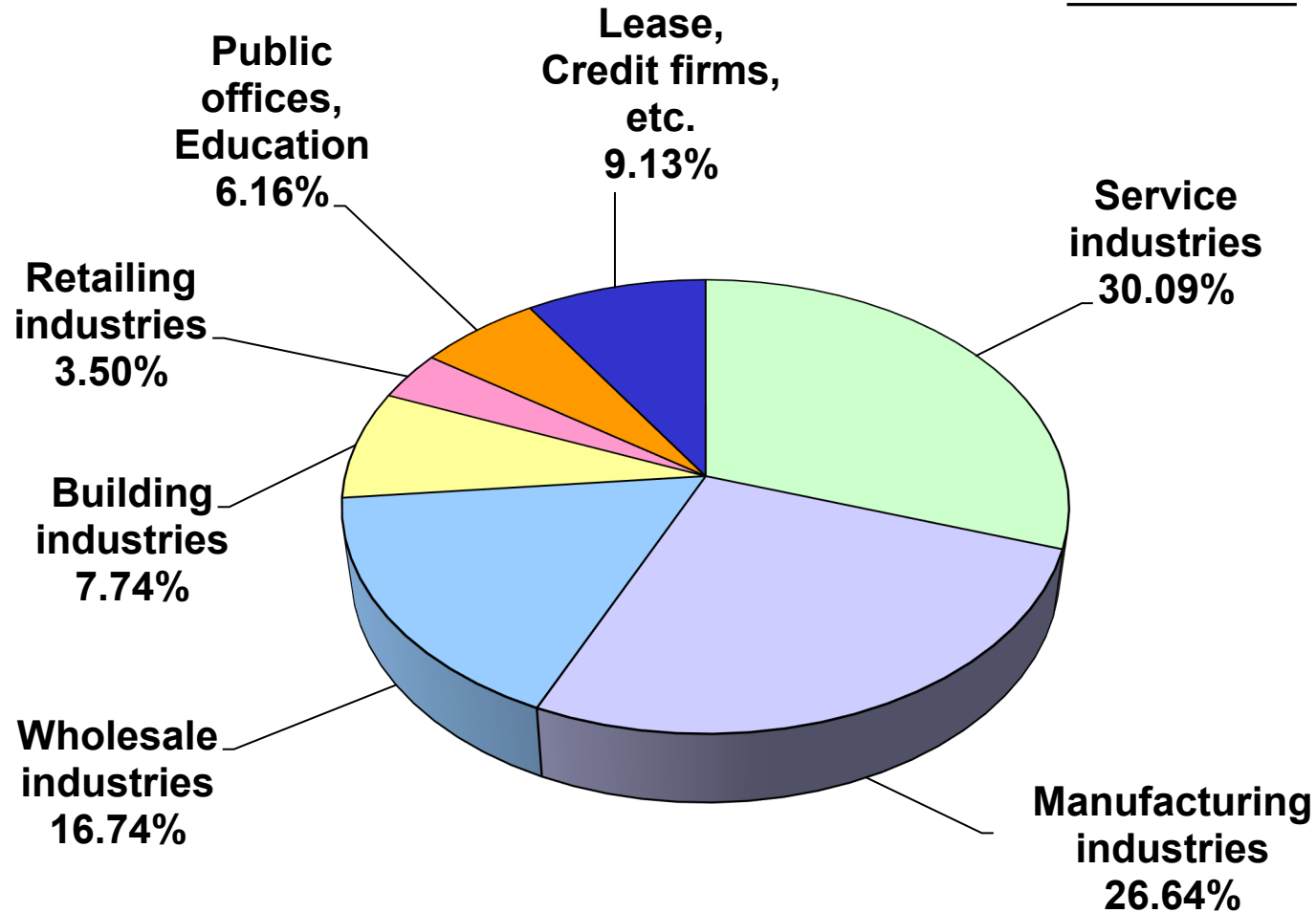
# Net sales structure on customers' total annual business scale



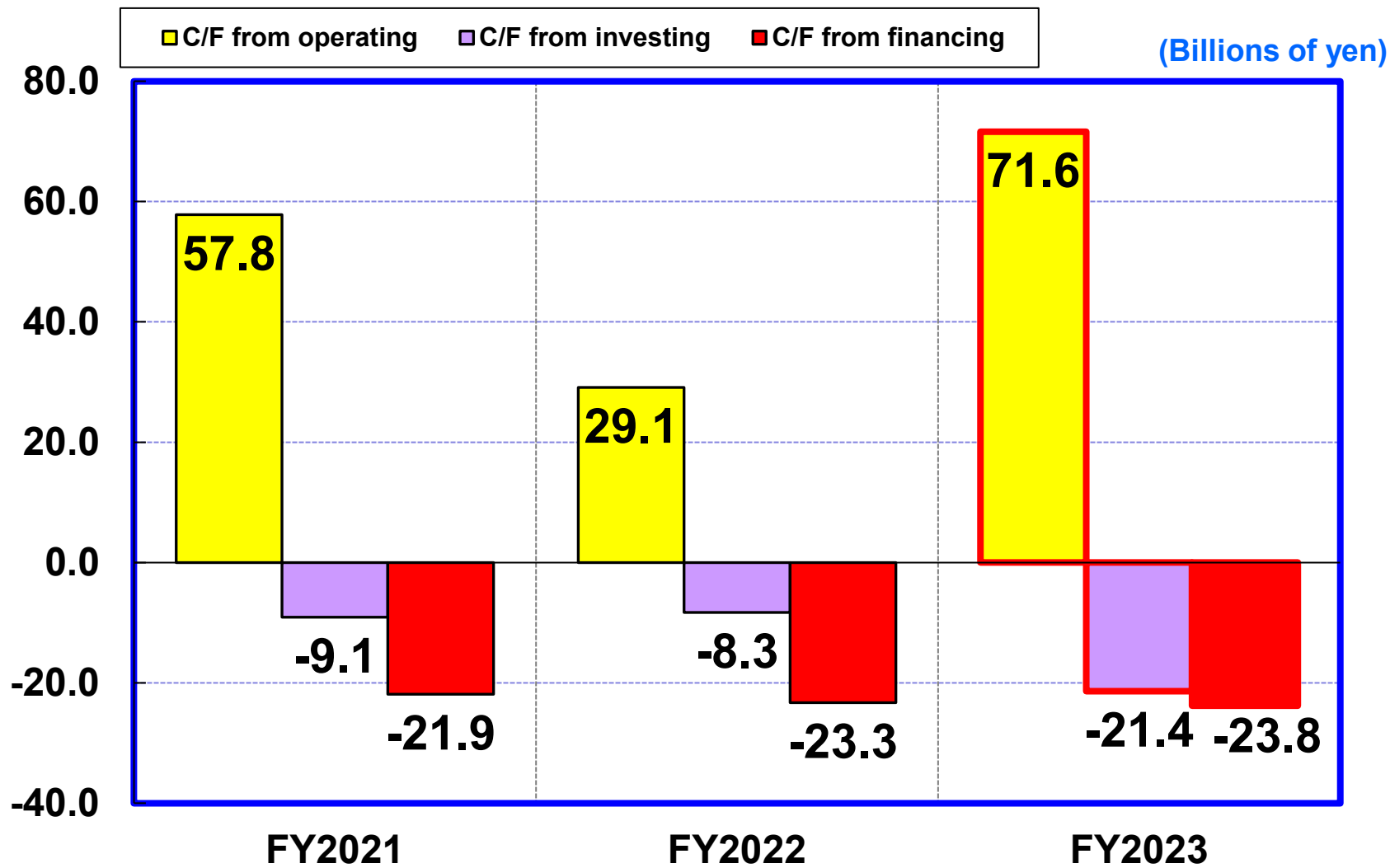
\*Accounting Standard for Revenue Recognition applied from 2022 and the composition ratio for two comparable fiscal terms is shown.

# Sales breakdown by customers' type of industry

**FY 2023**

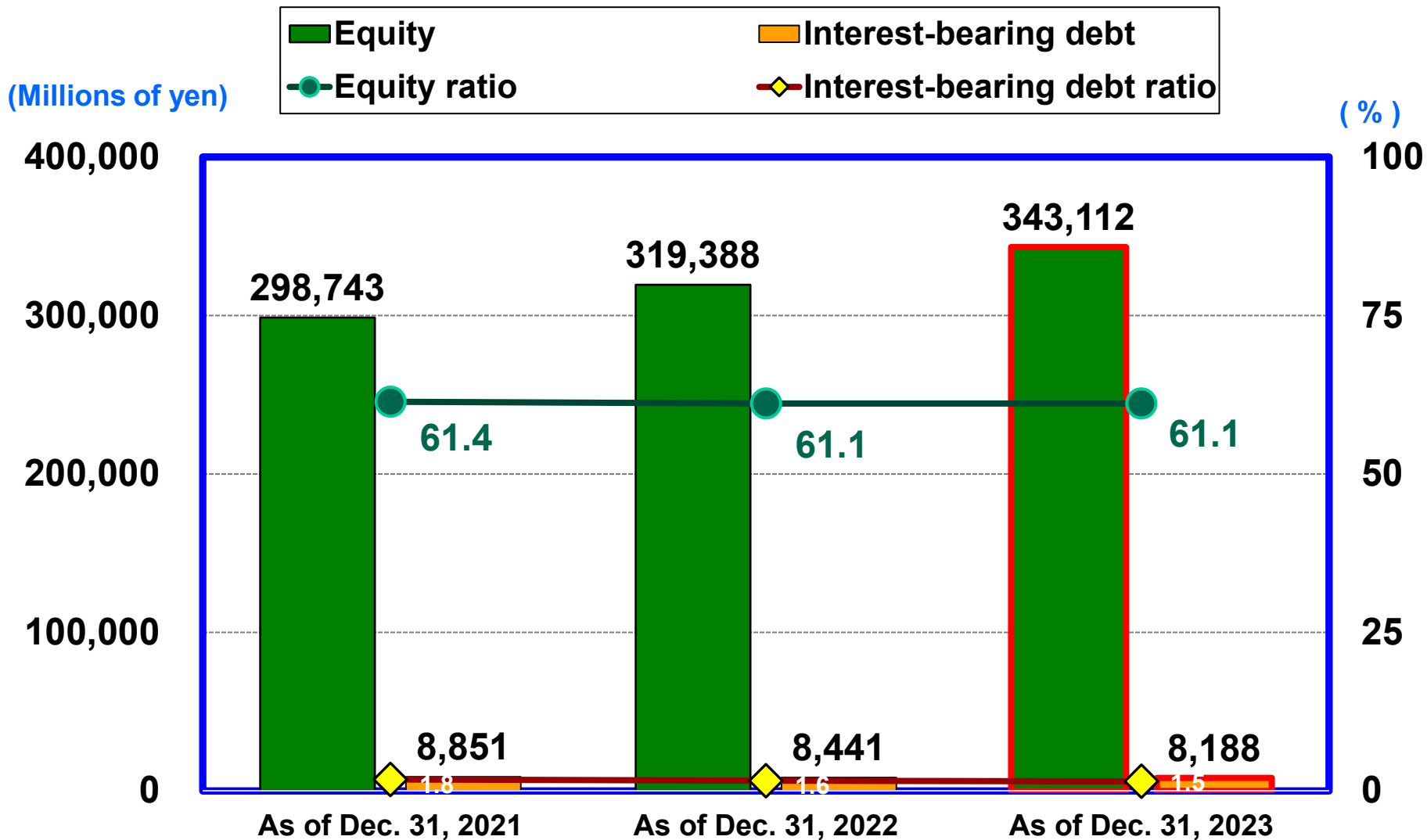


# Cash flows

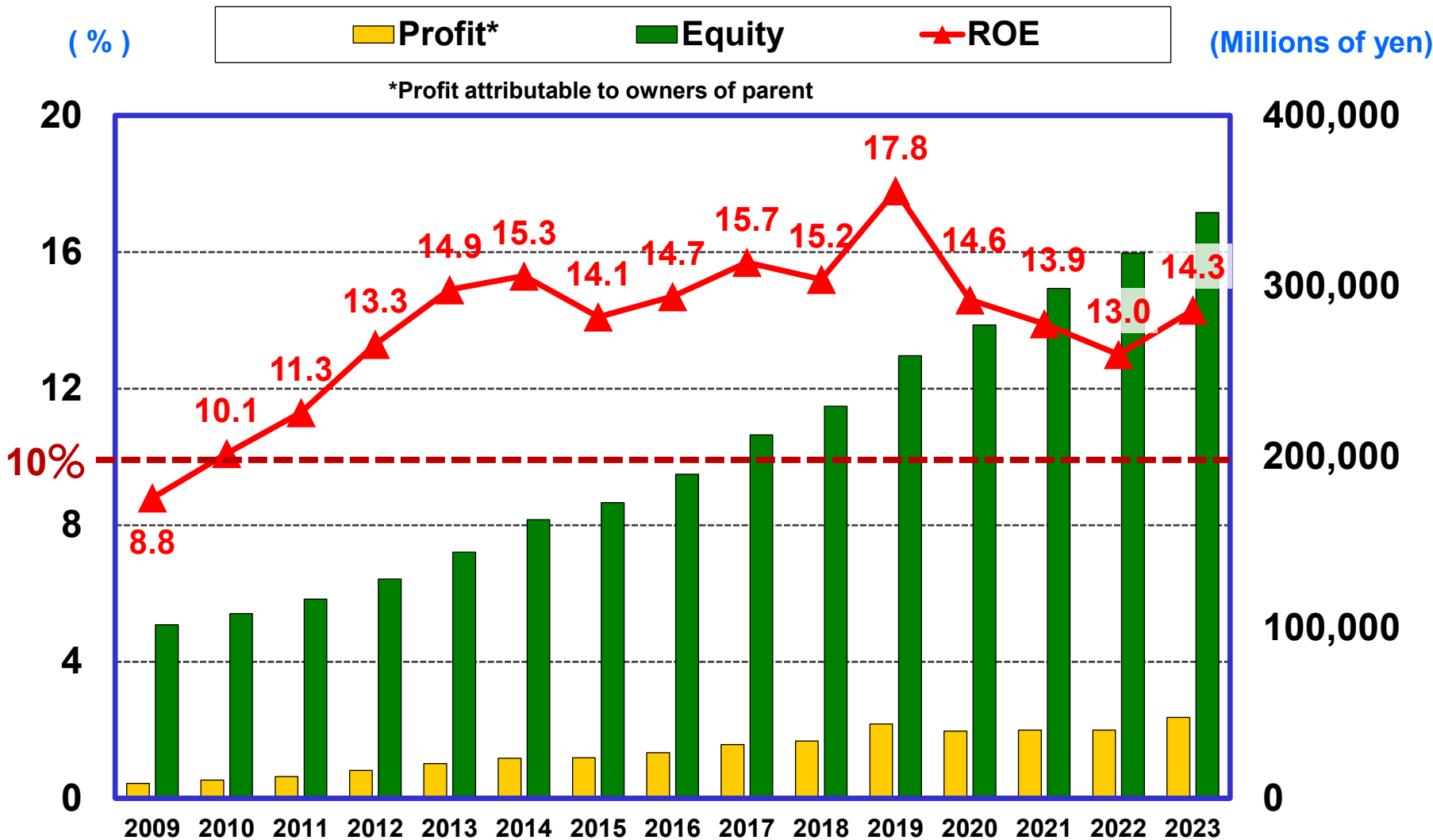


Consolidated

# Equity and Interest-bearing debt



# ROE

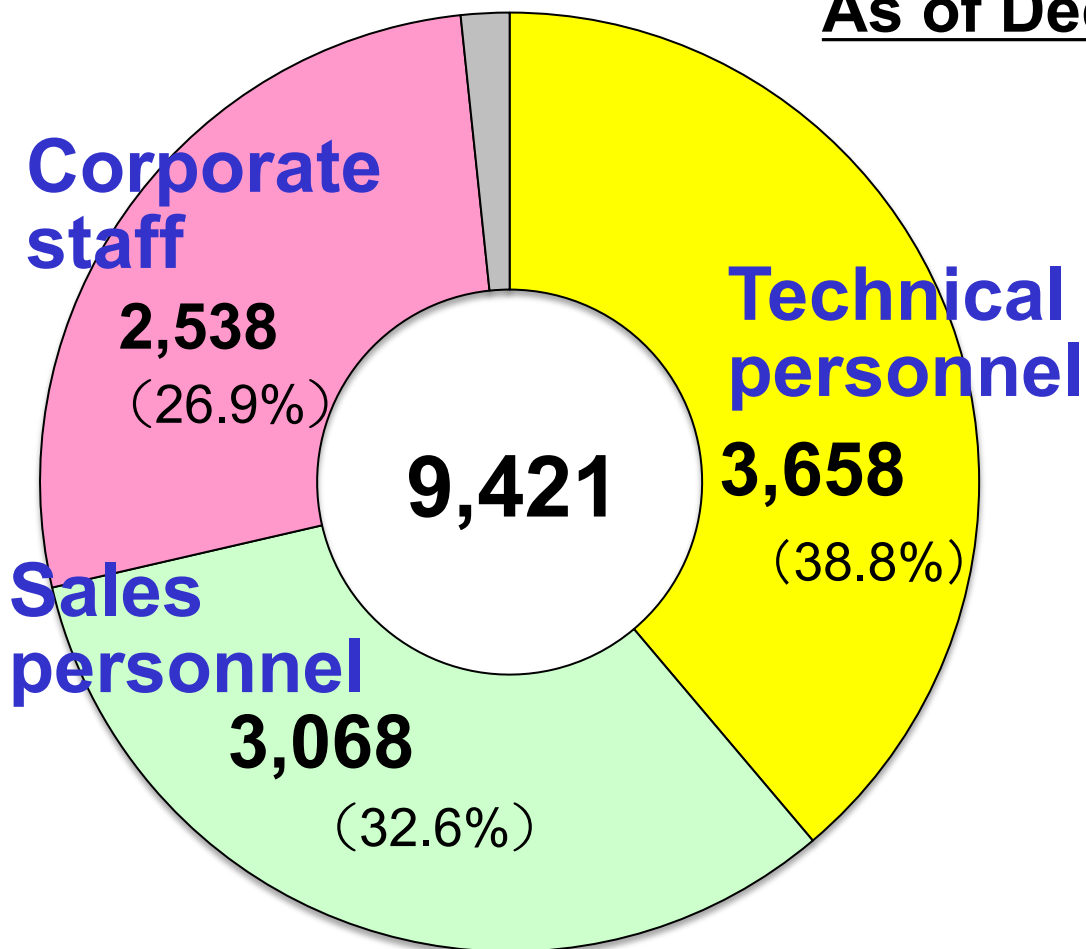




# Personnel organization (regular employees)

**Others 157 (1.7%)**

**As of Dec. 31, 2023**



# Key strategic business

<Amount of Sales>

(Millions of yen)

	2021 Jan. – Dec.	2022 Jan. – Dec.		2023 Jan. – Dec.			2023 <b>Oct. – Dec.</b>		
	Amount	Amount	Change to Last year	Amount	Difference to Last year	Change to Last year	Amount	Difference to Last year	Change to Last year
“tanomail”	173,528	183,172	+5.6%	198,134	+14,962	+8.2%	51,617	+4,592	+9.8%
SMILE	11,345	13,078	+15.3%	15,952	+2,873	+22.0%	3,578	-214	-5.7%
ODS	55,084	56,260	+2.1%	56,896	+635	+1.1%	13,693	-1,334	-8.9%
OSM	85,769	87,070	+1.5%	108,025	+20,955	+24.1%	26,949	+6,308	+30.6%

(ODS: Otsuka Document Solutions OSM: Otsuka Security Management)

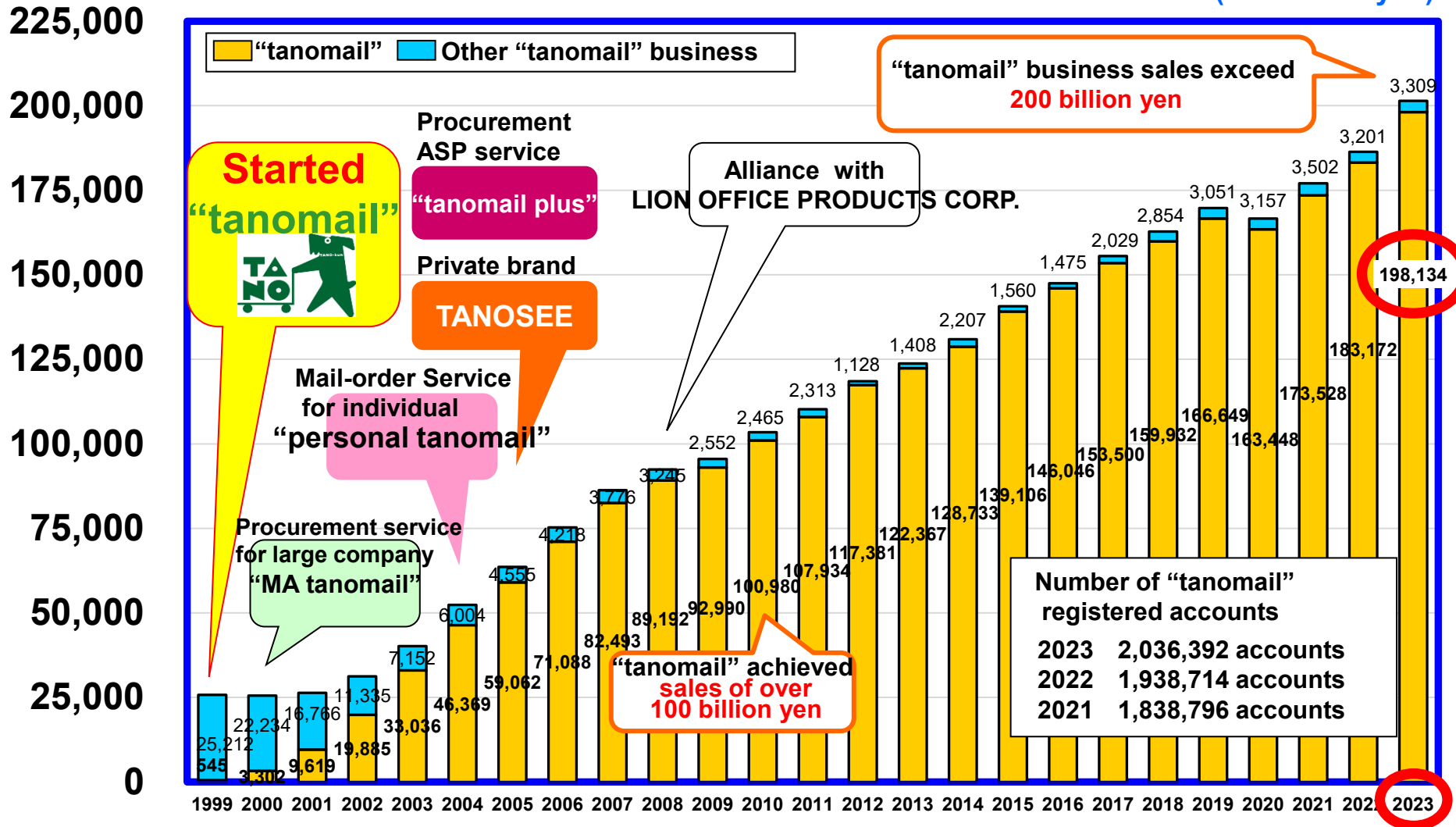
<As reference: Number of Sales>

(Units)

Copier	37,039	36,697	-0.9%	36,356	-341	-0.9%	8,950	-673	-7.0%
(of which Color copier)	36,249	36,035	-0.6%	35,543	-492	-1.4%	8,800	-665	-7.0%
Server	24,606	21,726	-11.7%	21,537	-189	-0.9%	5,091	-1,355	-21.0%
PC	1,449,698	1,068,321	-26.3%	1,161,417	+93,096	+8.7%	271,514	+24,103	+9.7%
Client Total	1,624,893	1,150,133	-29.2%	1,213,089	+62,956	+5.5%	284,388	+26,100	+10.1%

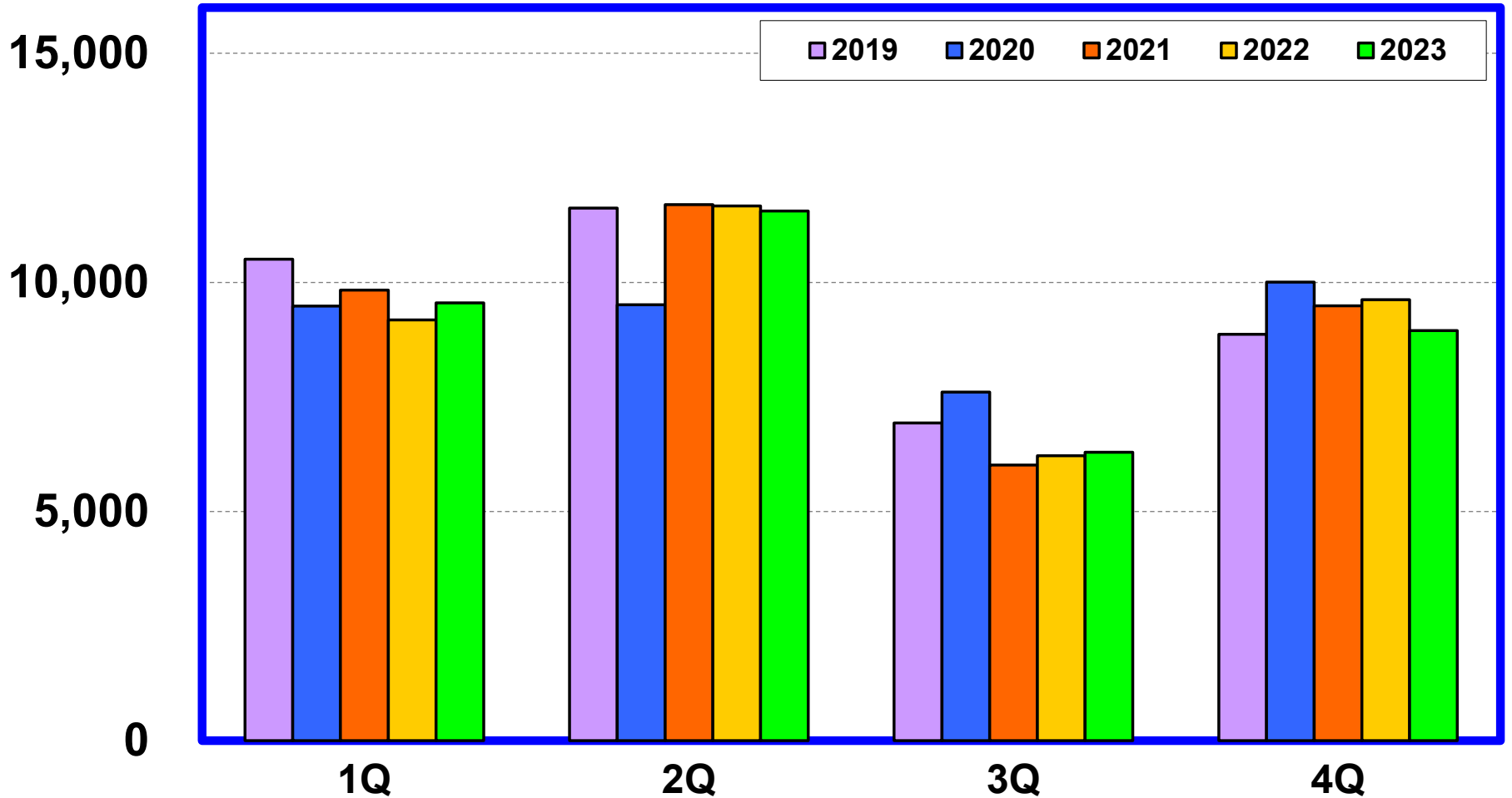
# Annual sales transition of "tanomail"

(Millions of yen)



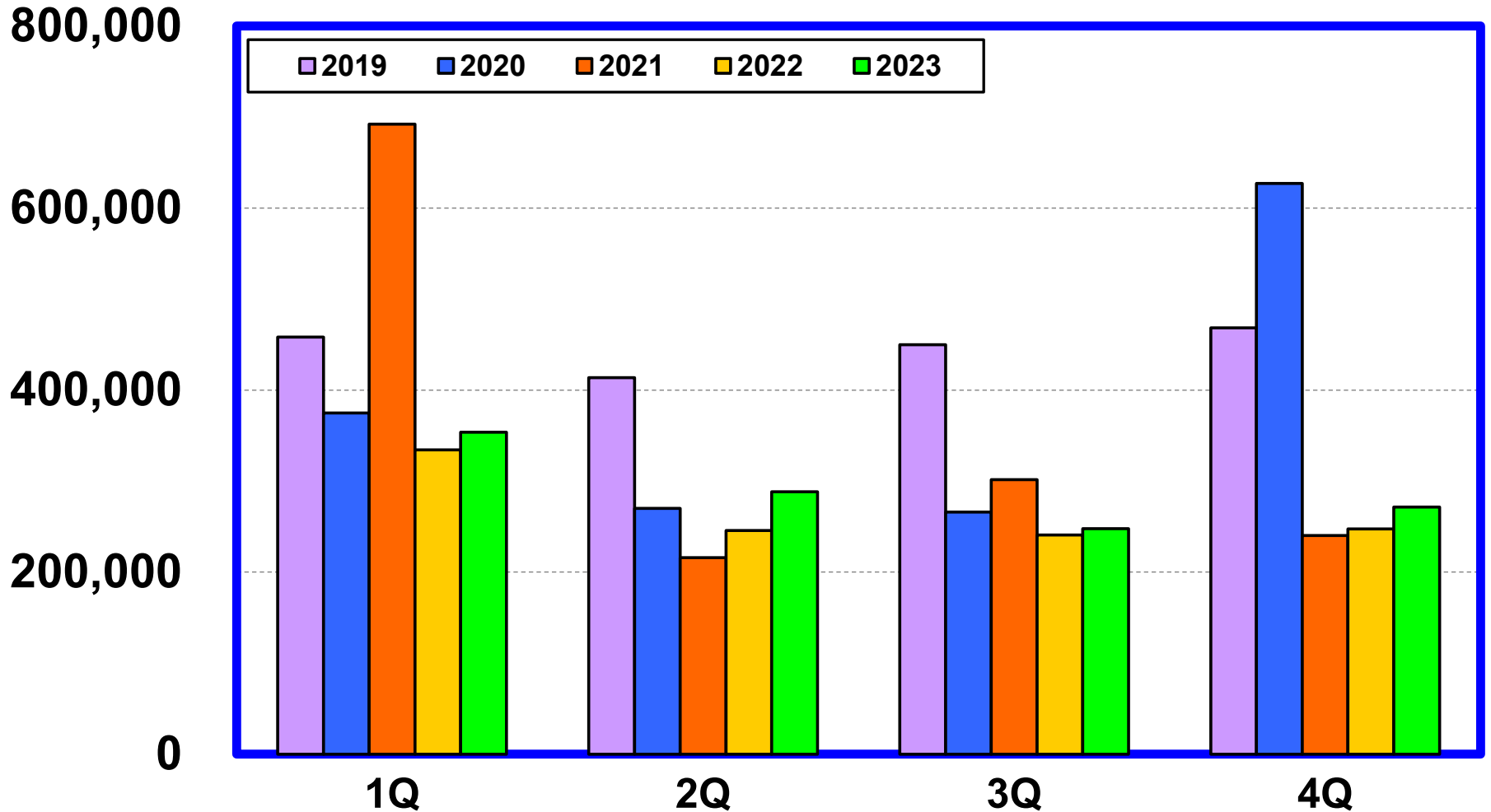
# Quarterly Number of Copiers Sold

(Units)

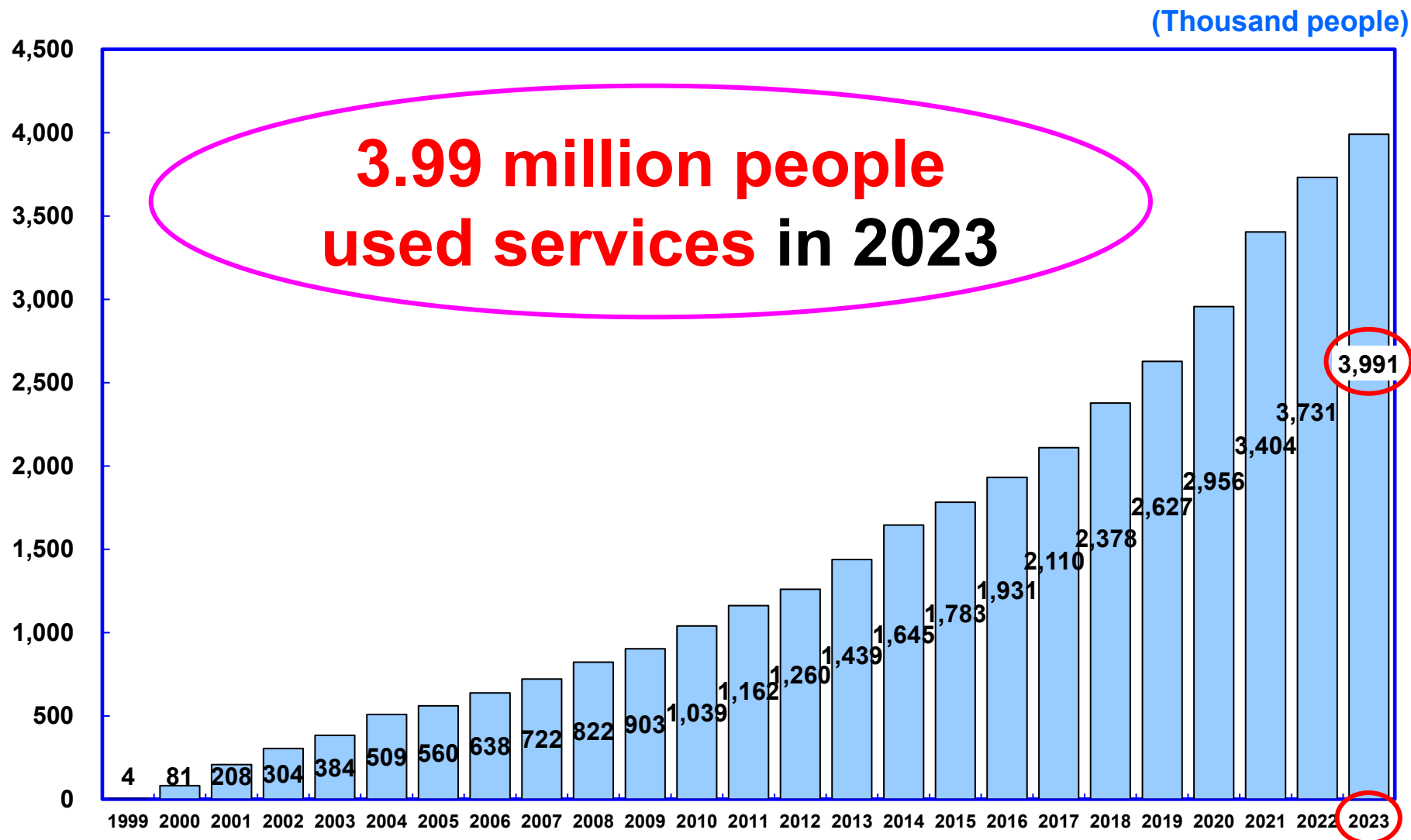


# Quarterly Number of PCs Sold

(Units)



# Number of Users of Main Web Services (ASP)

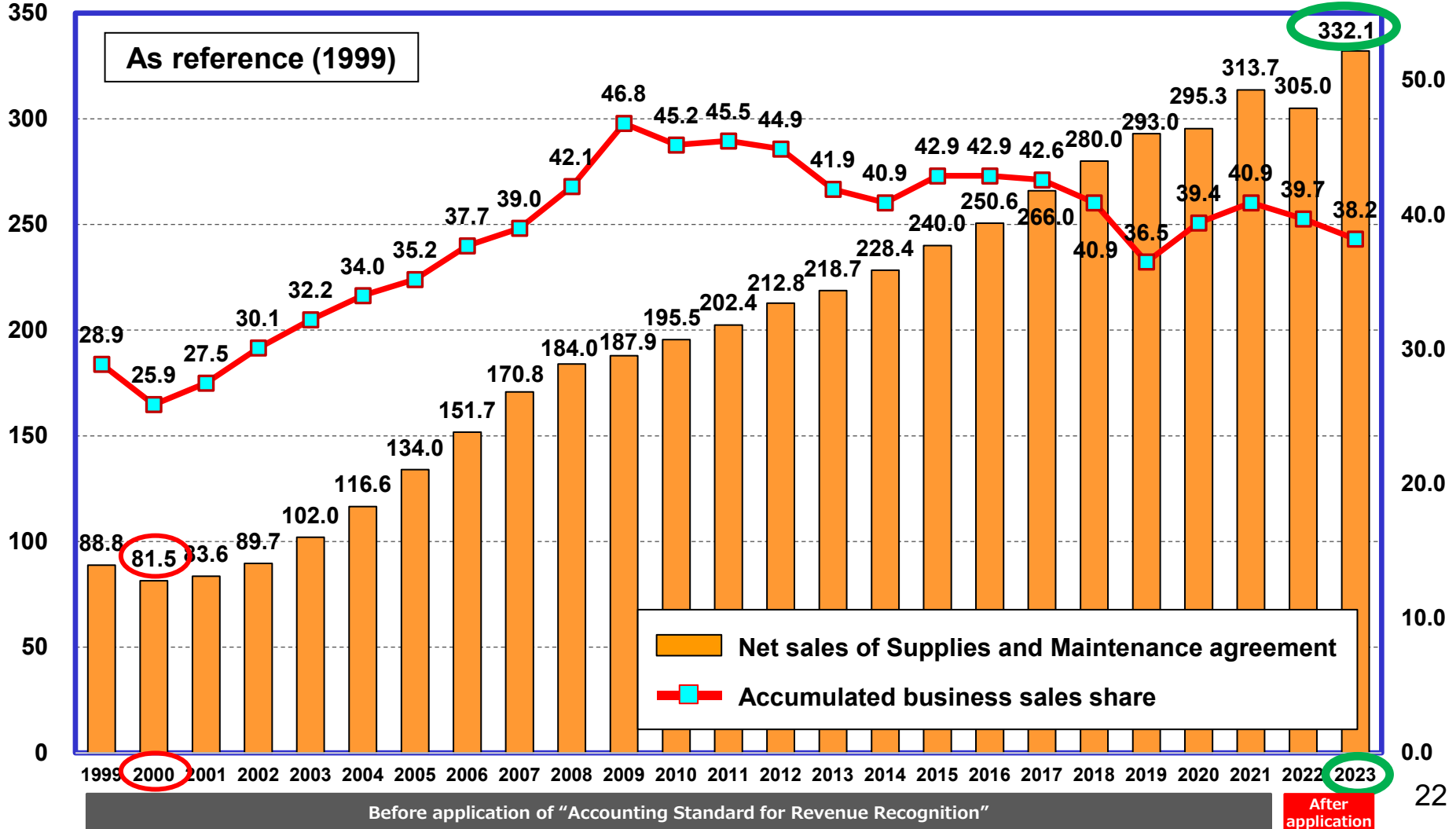


# Growth of accumulated business

## Net sales of Supplies and Maintenance agreement Accumulated business sales share

Net sales of Supplies and Maintenance agreement  
(Billions of yen)

Accumulated business sales share (%)



# Future Plans



# The Basic Principle and Medium- to Long-term Management Policy

## < Basic principle >

- Grow with customers by realizing the Mission Statement

## < Medium- to Long-term Management Policy >

- Maintain stable growth while responding to changes in the environment

**Operating profit to net sales ratio and ordinary profit to net sales ratio both firmly established at 7% or more.**

- Workforce plan calls for slight increases while focusing on productivity improvements
- Cultivate demand by utilizing information
- Raise per head productivity through efficient utilization of people, goods, money, and information

# Number of Customer Companies /Sales per Company

**[Medium- to Long-term Management Policy]**

**KPI related to “relationships with customers”**

	KPI	January-December 2023	
	[Medium- to Long-term Management Policy]	Results	Compared with previous year
Number of customer companies	<b>+ 2.0%</b>	<b>295,000</b> companies	<b>+1.1%</b>
Sales per company	<b>+3.0%</b>	<b>2.93</b> million yen	<b>+12.0%</b>

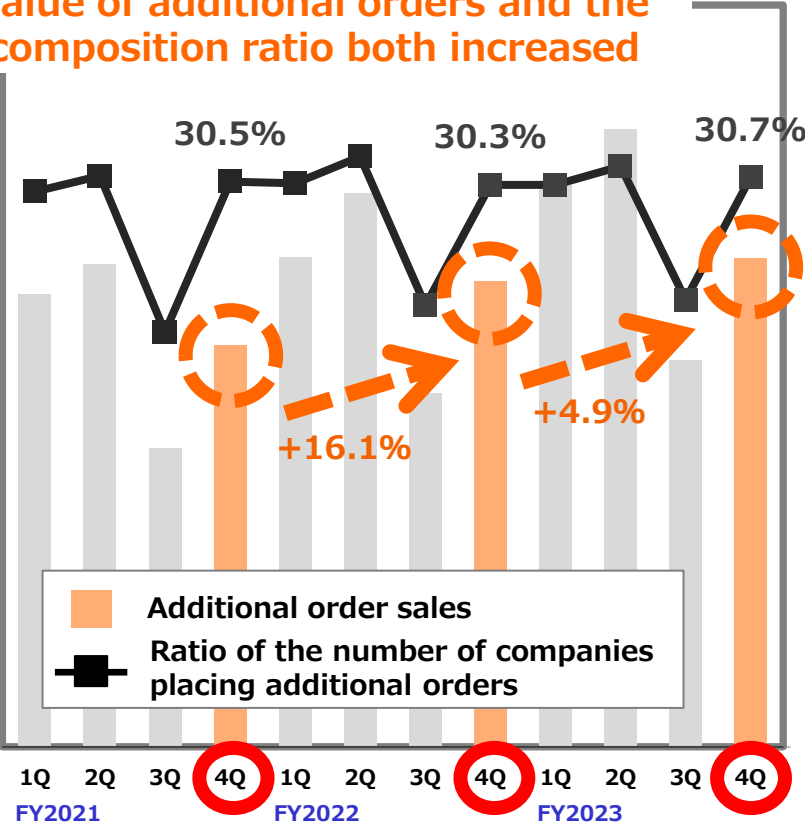
# Status of Orders

## 【State of Additional Orders】

Value of orders received and number of corporate customers in the current quarter as a percentage of customers who conducted transactions with Otsuka in the previous quarter

\* Calculated excluding ongoing transactions such as supply and maintenance

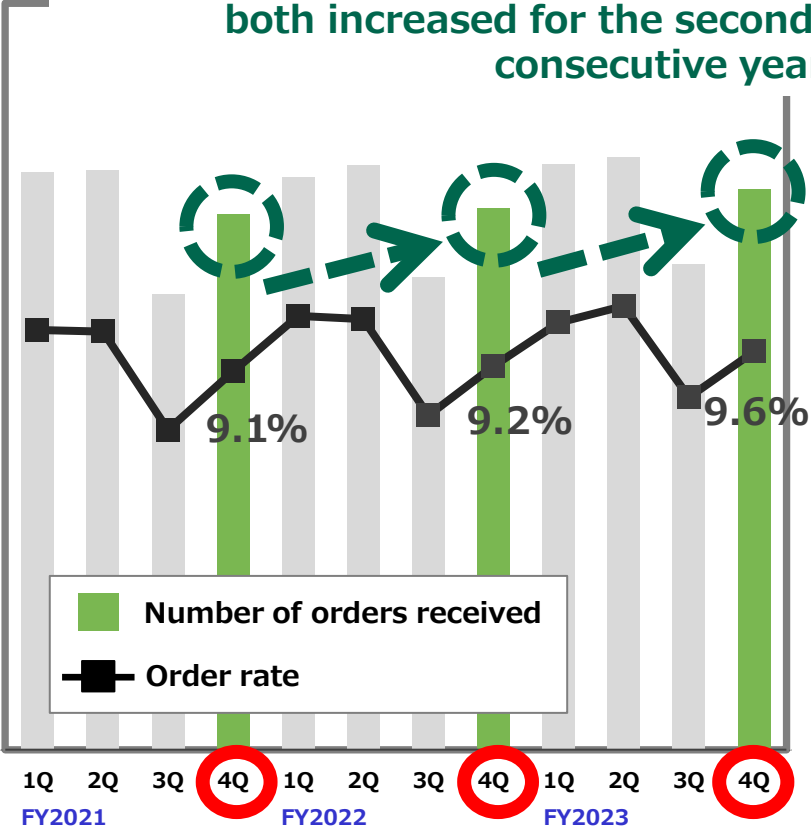
Value of additional orders and the composition ratio both increased



## 【Overall number of orders and order rate】

$$\text{Order rate} = \frac{\text{Number of orders received}}{\text{Number of negotiations}}$$

Number of orders and the order rate both increased for the second consecutive year



# Basic Policy for 2024

Slogan for the previous year (2023)

“Get close to customers and grow together through DX and all products”

**Slogan**



**“Get close to customers and grow together with customers through DX”**

**SPR**

**Customer information**

Approximately 3.3 million  
business negotiations  
during the year



**Independent AI pipeline**

**AI utilization**

Obtained patent for  
business model

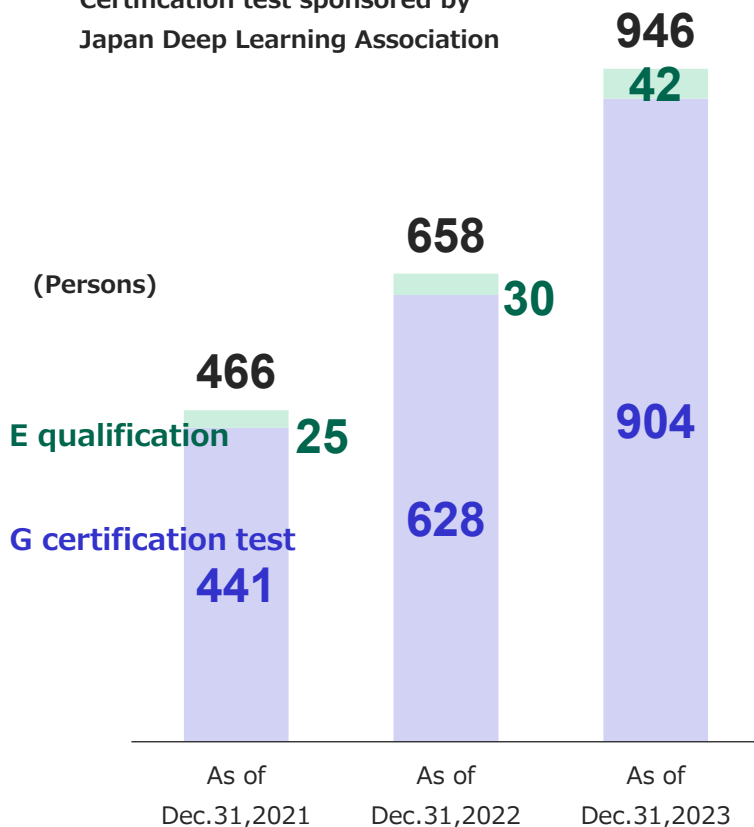
# AI Human Resources Development

## AI human resources

\*Consolidated results

G certification test/E qualification:

Certification test sponsored by  
Japan Deep Learning Association



## Initiatives for generative AI

\*June 2023 Capital and business alliance with AVILEN, Inc.



**Formulation of generative  
AI usage guidelines**

\*September 2023



**Implement generative AI training**

## AI happiness

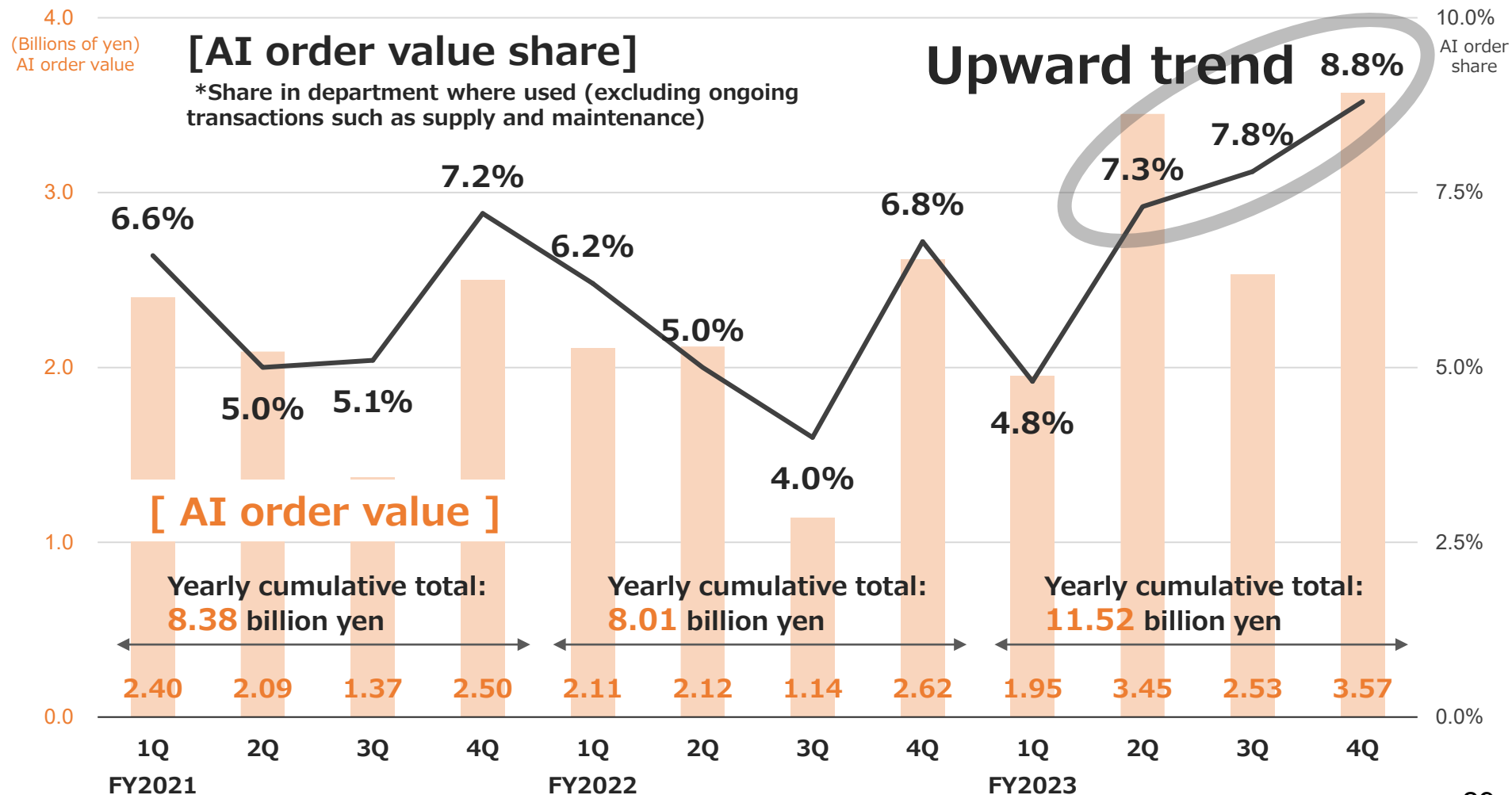
\*November 2023 Capital and business alliance with Happiness Planet, Ltd.

**Visualize the relationship  
between individuals and  
affiliated teams**

**Create personal fulfillment  
Vitalization of organizations**

**Improve employee engagement**

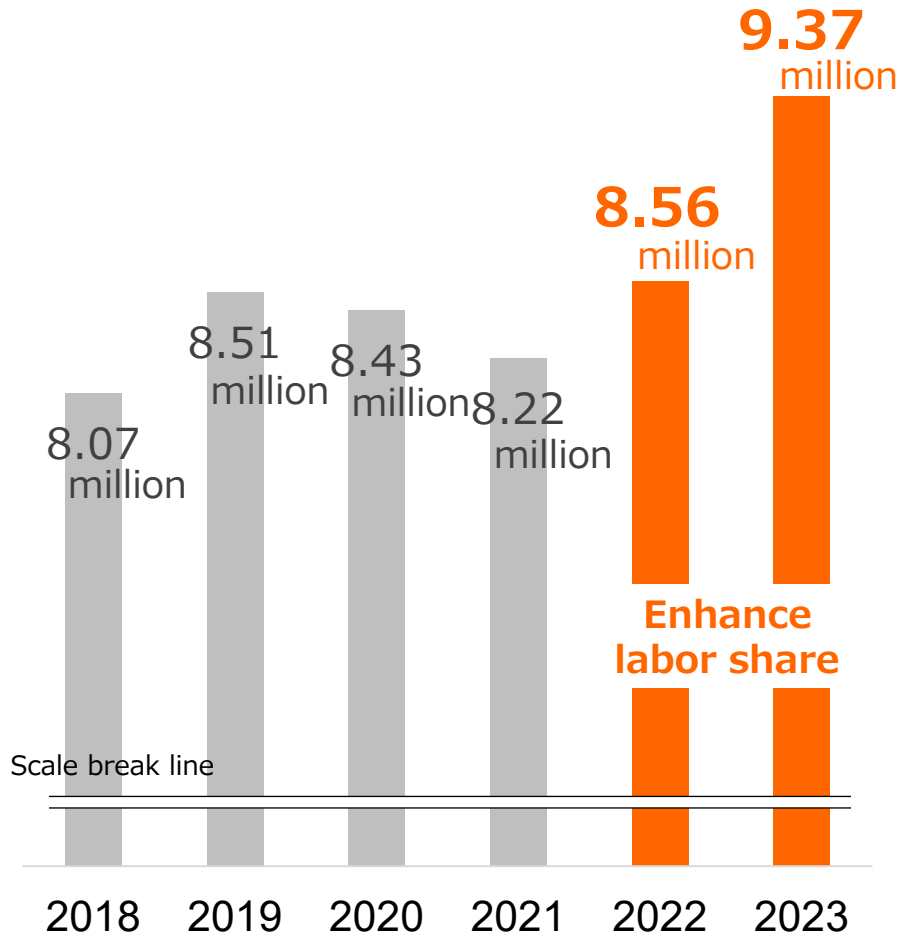
# Support Sales Activities through AI



# Improve labor share

[Average annual salary (parent alone) ]

\*Based on information from the Securities Report



**Employee growth = Corporate growth**

Strengthening human capital is an investment in future growth.

Periodically reassess labor share to ensure a more tangible impact on corporate growth.

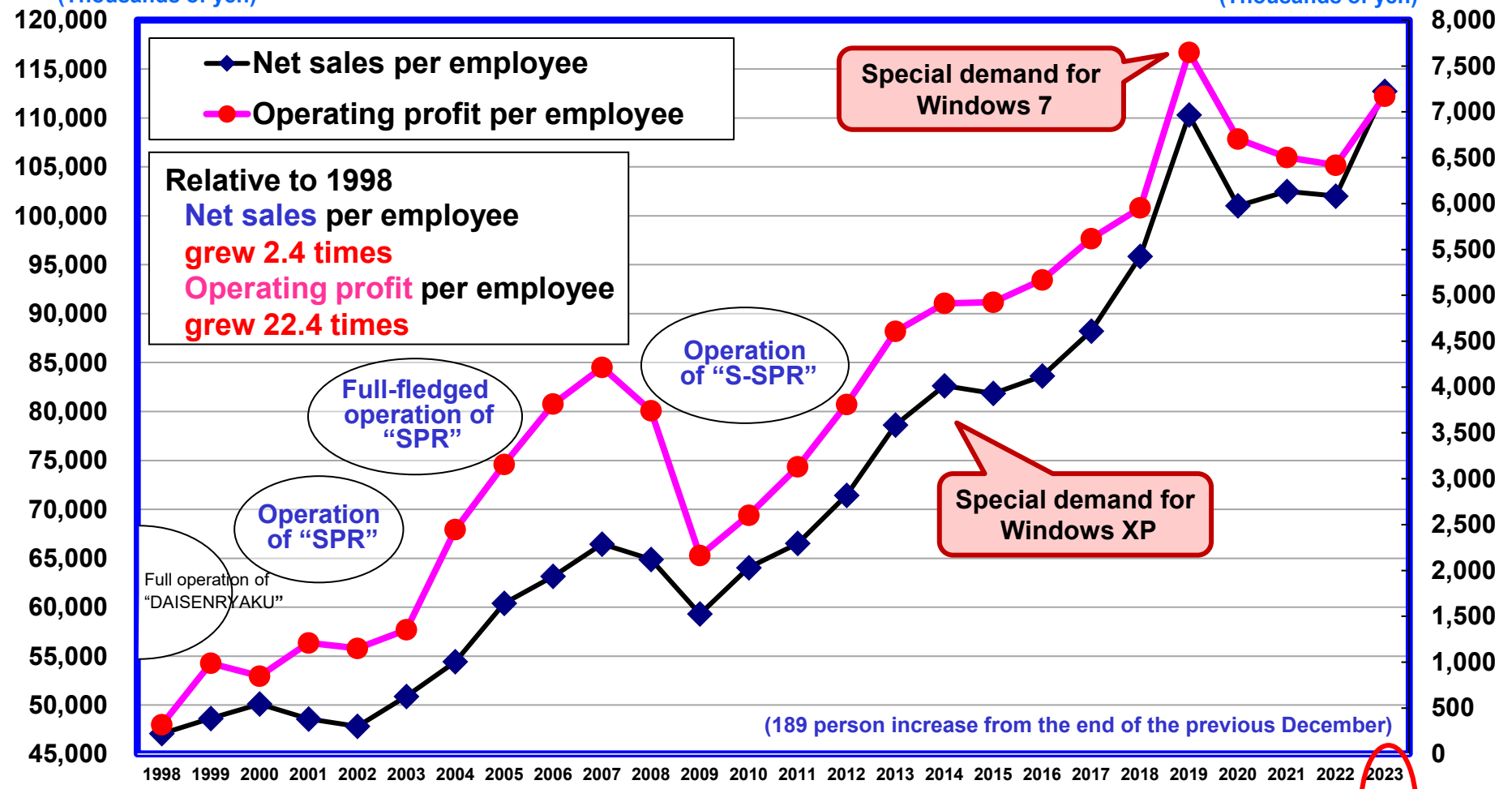
Provide support systems and training opportunities to assist employee growth.

Non-Consolidated

# Change of Net sales per employee and Operating profit per employee

Net sales per employee  
(Thousands of yen)

Operating profit per employee  
(Thousands of yen)



1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 2021 2022 2023

Number of employees 6,621 6,316 6,272 6,251 6,236 6,222 6,294 6,297 6,379 6,585 6,736 6,778 6,760 6,684 6,638 6,634 6,758 6,837 6,985 7,080 7,145 7,272 7,429 7,480 7,524 7,713

Number of days off 118 118 118 120 122 123 125 126 126 126 129 129 127 127 124 128 128 127 128 127 131 136 132 131 132 130



# Organization Changes in Area Departments

Currently promoting changes in thinking toward **“Entire”** that is not tied to copy machines

Old organization until June 2023

7 bases nationwide

○○ Major sales departments

(\*○○ is the region name)

Large-scale transactions for [Copy machines]

New organization from **July 2023**

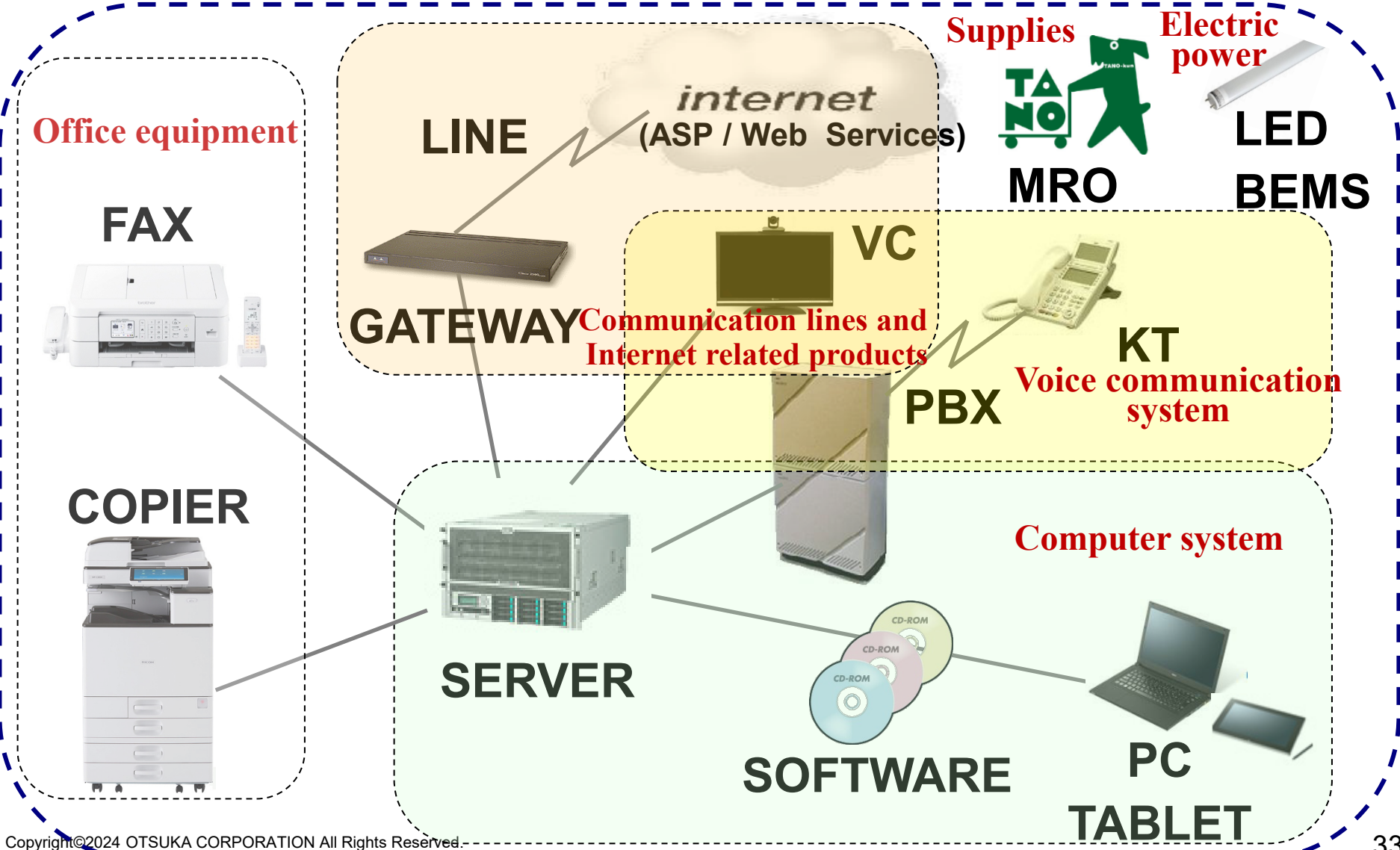
**10 bases nationwide**  
**(3 newly established bases)**

○○ M S T

(\*○○ is the region name)

**“Entire” solutions to customer problems**

# OTSUKA CORPORATION for the Entire Office



# Sustainability related

## Main advances in 2023

### Environment

- "TCFD" information disclosure
- Obtained "SBT Initiative" certification
- Concluded "Virtual PPA"
- Revised Environmental Policy

### Society

- Unique employee benefit measures Introduced "OWL's"
- Obtained "Kurumin" certification
- Concluded "Relating to mutual support in times of disaster collaboration agreement"

### Governance

- Announced Mid- to Long-term Management Policy

"Kurumin"



## Initiatives starting from January 2024

- Diversity Promotion Project launch  
(Men and women from each job type and job level, including two directors, are scheduled to participate)

April 2024~Planned system changes :

Further extend the period for shortened working hours

Expand the number of persons eligible for flex-time system

# 2024 plans

Consolidated

# Plans of Net sales and profit

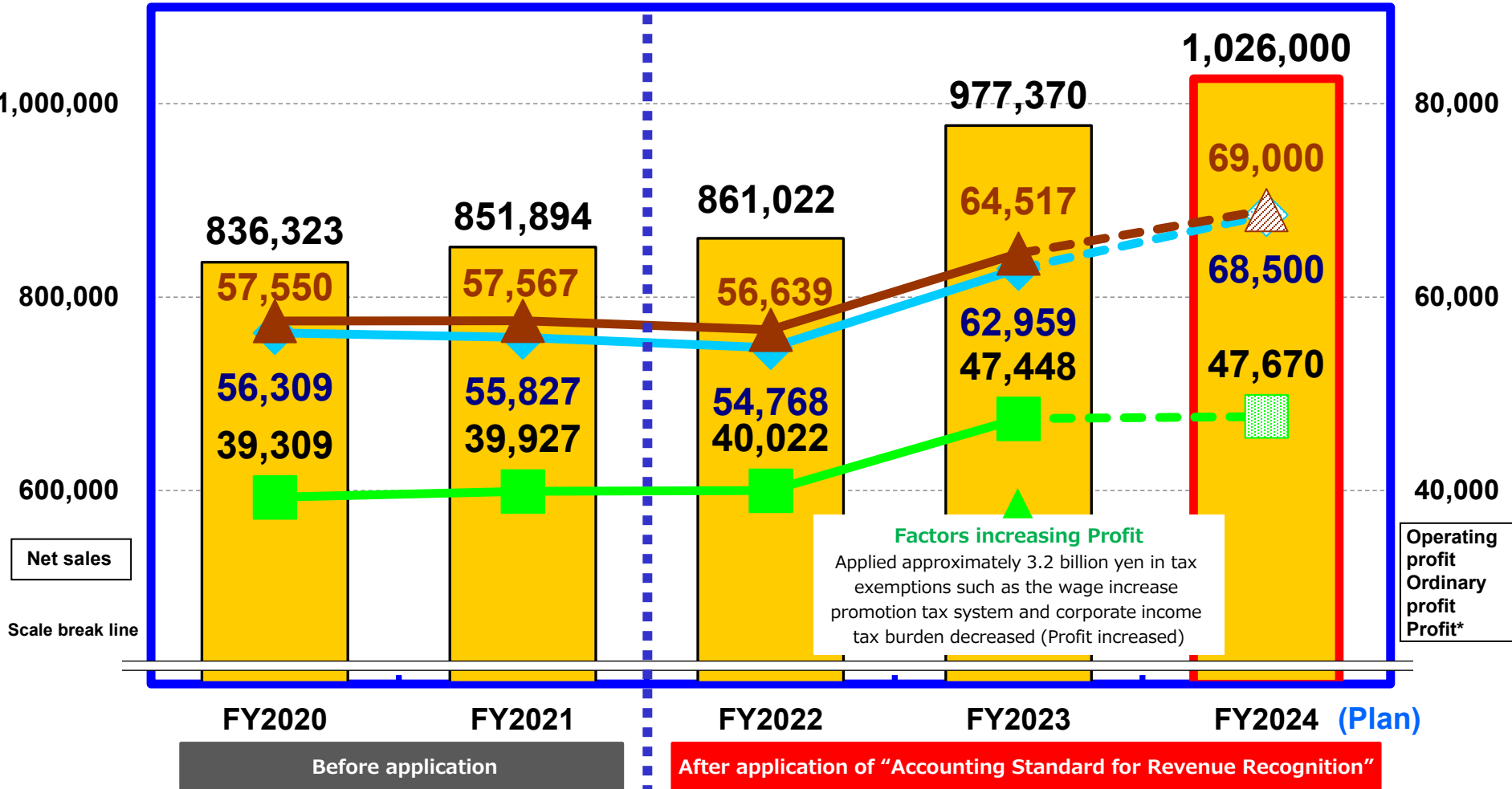
(Millions of yen)

Net sales

Operating profit

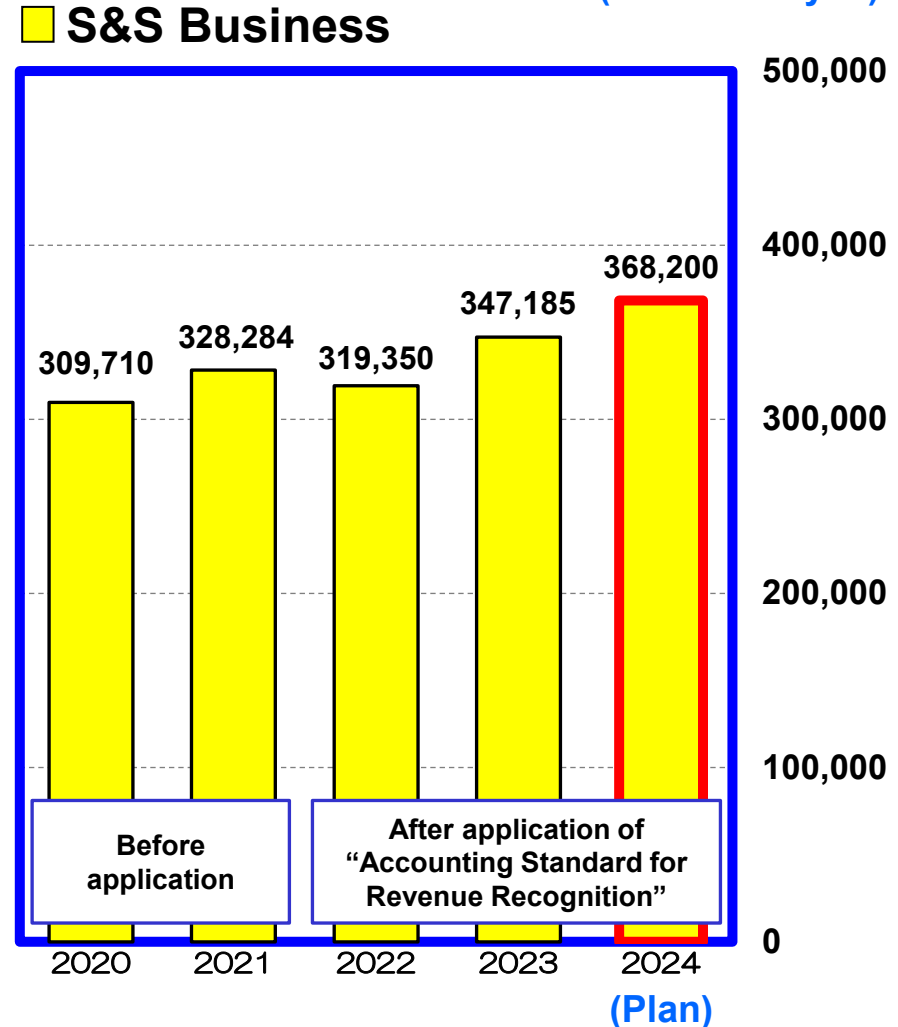
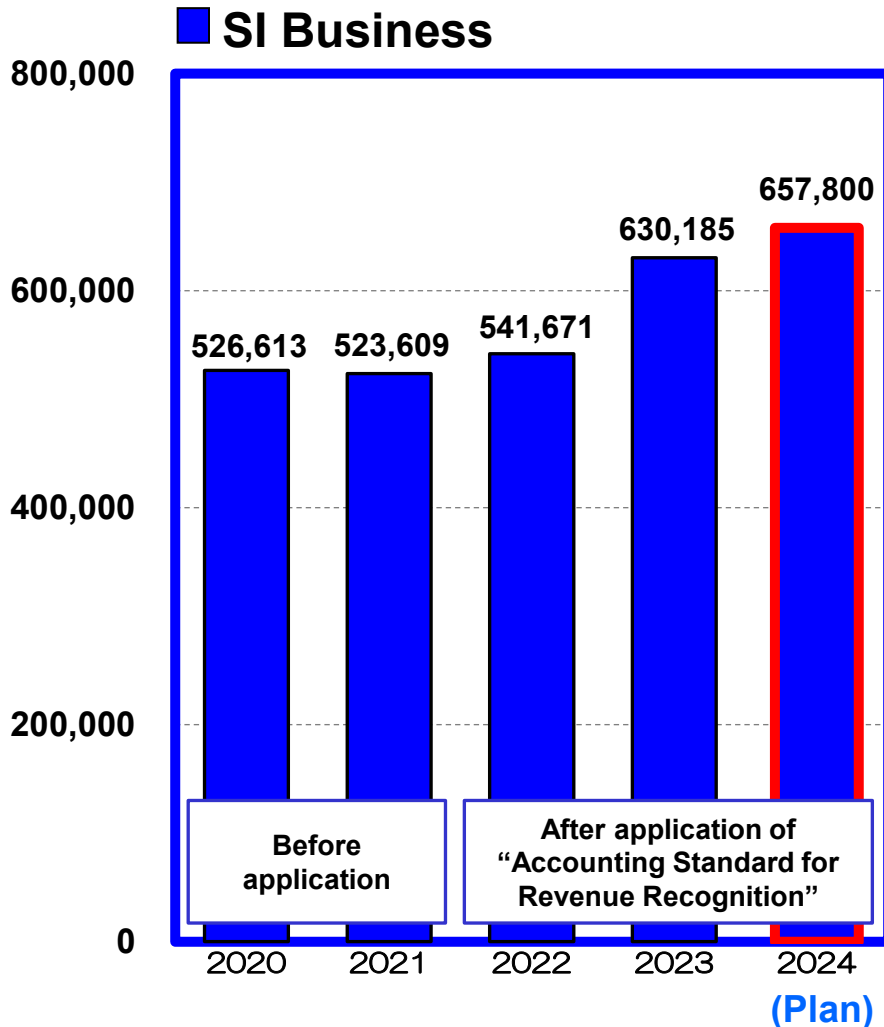
Ordinary profit

Profit\*  
\*Profit attributable to owners of parent

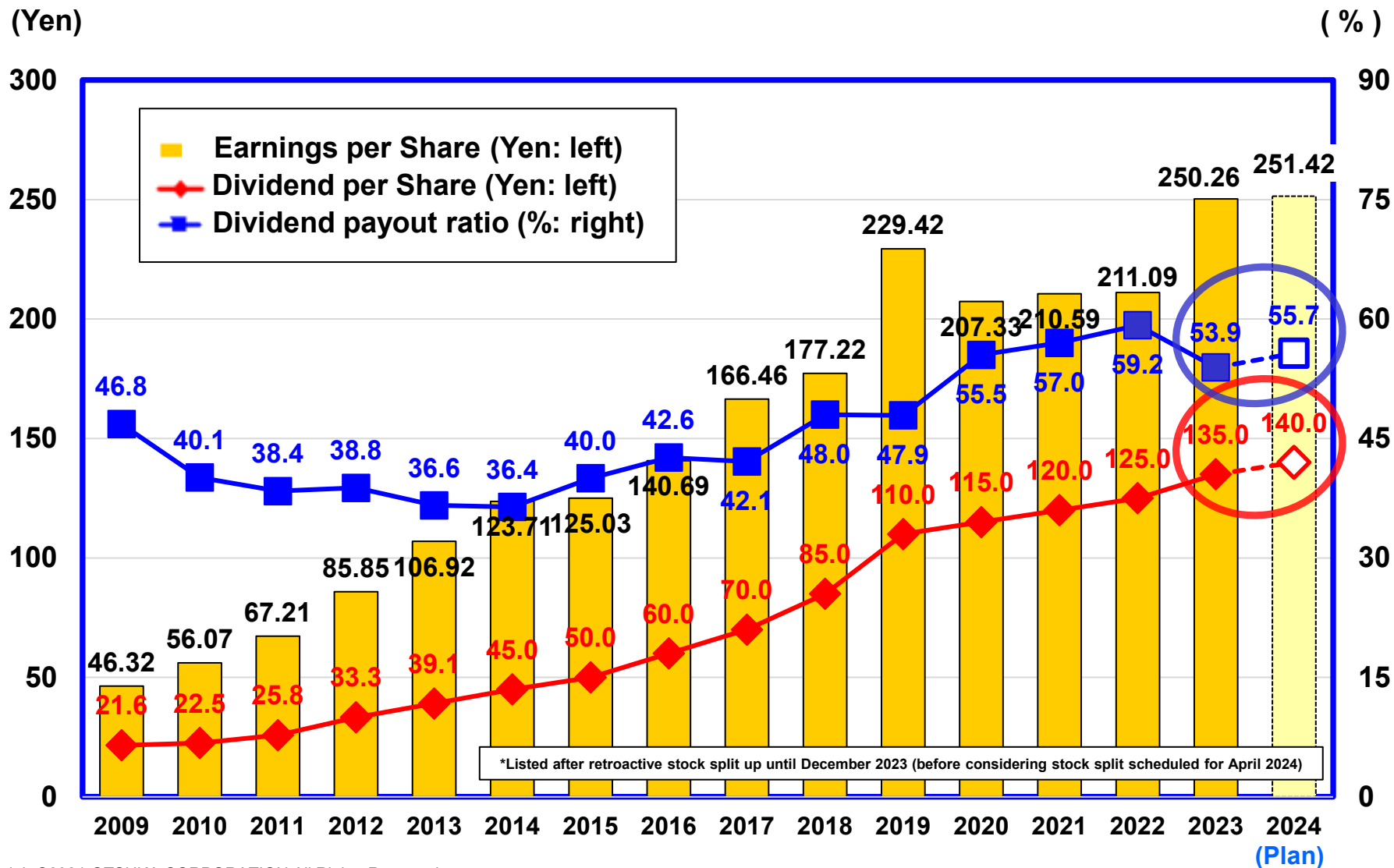


# Plans of Net sales by segments




(Millions of yen)

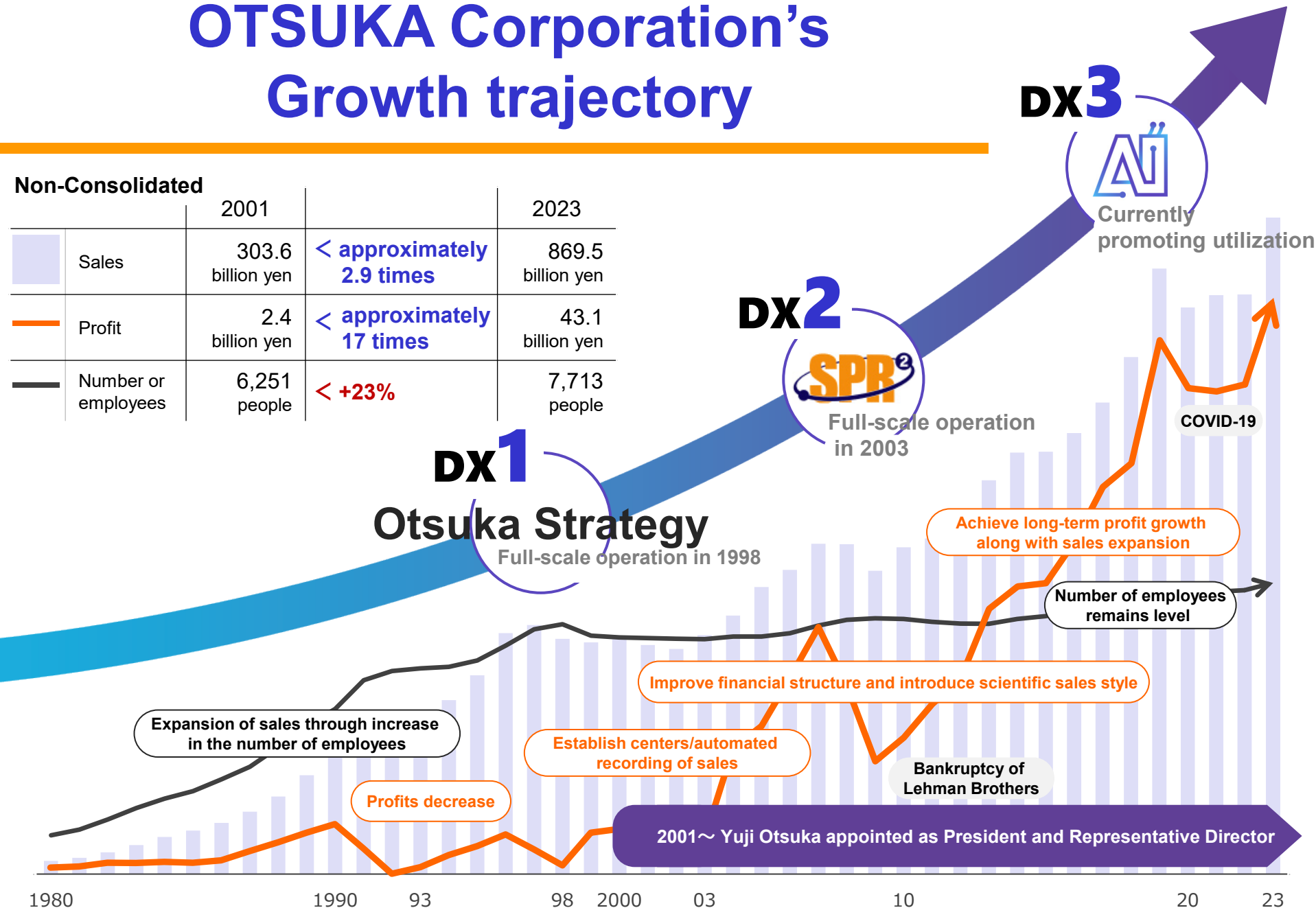


# Dividends



# OTSUKA Corporation's Growth trajectory

Non-Consolidated		2001		2023
	Sales	303.6 billion yen	< approximately 2.9 times	869.5 billion yen
	Profit	2.4 billion yen	< approximately 17 times	43.1 billion yen
	Number of employees	6,251 people	< +23%	7,713 people





# Jissen (Practical) Solution Fair 2024

A new form of **DX** starting with **AI**.



**OTSUKA CORPORATION**

**Jissen (Practical) Solution Fair 2024**

Date: **Tokyo** February 7, 2023 (Wednesday) to February 9 (Friday)  
**Osaka** February 15, 2023 (Thursday) to February 16 (Friday)  
**Online** February 19, 2023 (Monday) to February 28 (Wednesday)

**Community**

**Customers**

**We live up to our  
Stakeholders' confidence**

**Shareholders  
Business Partners**

**Employees**

# Cautionary statement

1. This material is intended to provide information about the business performance of fiscal year 2023 and strategy of the OTSUKA CORPORATION and Group companies.  
It is not intended and should not be construed as an inducement to purchase or sell stocks of OTSUKA CORPORATION.
2. Forward-looking statements in this material with respect to OTSUKA CORPORATION's strategies, plans, beliefs, and other statements related to future trends and performance are not historical facts, and as such involve risks and uncertainties. Such statements are not guarantees of future performance. Actual results may differ considerably from projections due to unpredictable changes to the economic situation, and a number of factors. Key factors that could affect actual results are general economic conditions, social trends, change of relative competitiveness in demand action for products and services provided by OTSUKA CORPORATION. Key factors that may affect business performance are not limited to these items described here.
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